JOHN C. FREMONT HEALTH CARE DISTRICT
Financial Assistance Program
Full Charity Care and Discount Partial Charity Care Policies

PURPOSE

John C. Fremont Health Care District (JCF) serves all persons within district boundaries and the surrounding region. As a rural hospital provider, John C. Fremont Health Care District is dedicated to providing high quality, customer oriented and financially strong healthcare services that meet the needs of those we serve. Providing patients with opportunities for financial assistance coverage for healthcare services is also an essential element of fulfilling the John C. Fremont Health Care District mission. This policy defines the JCF Financial Assistance Program; its criteria, systems, and methods.

California acute care hospitals must comply with Health & Safety Code Section 127400 et seq., including requirements for written policies providing discounts and charity care to financially qualified patients. This policy is intended to meet such legal obligations and provides for both charity care and discounts to patients who financially qualify under the terms and conditions of the John C. Fremont Health Care District Financial Assistance Program.

The finance department has responsibility for general accounting policy and procedure. Included within this purpose is a duty to ensure the consistent timing, recording and accounting treatment of transactions at JCF. This includes the handling of patient accounting transactions in a manner that supports the mission and operational goals of John C. Fremont Health Care District.

SCOPE

The acute care hospital operated by John C. Fremont Health Care District provides emergency, inpatient and outpatient services. In addition to services provided at the main hospital location, John C. Fremont Hospital also operates primary care and multi-specialty clinics. John C. Fremont Hospital also operates a distinct part skilled nursing facility. All services listed on the John C. Fremont Hospital acute care license are included within the scope of this Financial Assistance Policy.

This policy pertains to financial assistance provided by John C. Fremont Health Care District. All requests for financial assistance from patients, patient families, physicians or hospital staff shall be addressed in accordance with this policy.

Hospital Inpatient, Outpatient and Emergency Service Programs

Introduction

John C. Fremont Health Care District strives to meet the health care needs of all patients who seek inpatient, outpatient and emergency services. JCF is committed to providing access to financial assistance programs when patients are uninsured or underinsured and may need help in paying their hospital bill. These programs include government sponsored coverage programs, charity care and discount partial charity care as defined herein.

Full Charity Care and Discount Partial Charity Care Defined

Full Charity Care is defined as any necessary inpatient or outpatient hospital service provided to a patient who has an income below 100% of the current federal poverty level, is unable to pay for care and who has established qualification in accordance with requirements contained in the JCF Financial Assistance Policy.

Discount Partial Charity Care is defined as any necessary inpatient or outpatient hospital service provided to a patient who is uninsured or underinsured and 1) desires assistance with paying their hospital bill; 2) has an income at or below 150% of the federal poverty level; and 3) who has established qualification in accordance with requirements contained in the JCF Financial Assistance Policy.

Depending upon individual patient eligibility, financial assistance may be granted for full charity care or discount partial charity care. Financial assistance may be denied when the patient or other responsible family representative does not meet the JCF Financial Assistance Policy requirements.

Full Charity Care and Discount Partial Charity Care Reporting

JCF will report actual Charity Care provided in accordance with regulatory requirements of the Office of Statewide Health Planning and Development (OSHPD) as contained in the Accounting and Reporting Manual for Hospitals, Second Edition. To comply with regulation, the hospital will maintain written documentation regarding its Charity Care criteria, and for individual patients, the hospital will maintain written documentation regarding all Charity Care determinations. As required by OSHPD, Charity Care provided to patients will be recorded on the basis of actual charges for services rendered.

JCF will provide OSHPD with a copy of this Financial Assistance Policy which includes the full charity care and discount partial charity care policies within a single document. The Financial Assistance Policy also contains: 1) all eligibility and patient qualification procedures; 2) the unified application for full charity care and discount partial charity care; and 3) the review process for both full charity care and discount partial charity care. These documents shall be supplied to OSHPD every two years or whenever a significant change is made.

Full and Discount Eligibility: General Process and Responsibilities

Eligibility is defined for any patient whose family income is less than 150% of the current federal poverty level, if not covered by third party insurance or if covered by third party insurance and unable to pay the patient liability amount owed after insurance has paid its portion of the account.

The JCF Financial Assistance Program utilizes a single, unified patient application for both Full Charity Care and Discount Partial Charity Care. The process is designed to give each applicant an opportunity to receive the maximum financial assistance benefit for which they may qualify. The financial assistance application provides patient information necessary for determining patient qualification by the hospital and such information will be used to qualify the patient or family representative for maximum coverage under the JCF Financial Assistance Program.

Eligible patients may qualify for the JCF Financial Assistance Program by following application instructions and making every reasonable effort to provide the hospital with documentation and health benefits coverage information such that the hospital may make a determination of the patient's qualification for coverage under the program. Eligibility alone is not an entitlement to coverage under the JCF Financial Assistance Program. JCF must complete a process of applicant evaluation and determine coverage before full charity care or discount partial charity care may be granted.

The JCF Financial Assistance Program relies upon the cooperation of individual patients who may be eligible for full or partial assistance. To facilitate receipt of accurate and timely patient financial information, JCF will use a financial assistance application. All patients unable to demonstrate financial coverage by third party insurers will be offered an opportunity to complete the financial assistance application. Uninsured patients will also be offered information, assistance and referral to government sponsored programs for which they may be eligible. Insured patients who are unable to pay patient liabilities after their insurance has paid, or those who experience high medical costs may also be

eligible for financial assistance. Any patient who requests financial assistance will be asked to complete a financial assistance application.

The financial assistance application should be completed as soon as there is an indication the patient may be in need of financial assistance. The application form may be completed prior to service, during a patient stay, or after services are completed and the patient has been discharged.

Completion of a financial assistance application provides:

- Information necessary for the hospital to determine if the patient has income sufficient to pay for services;

- Documentation useful in determining qualification for financial assistance; and

- An audit trail documenting the hospital's commitment to providing financial assistance.

However, a completed financial assistance application is not required if JCF determines it has sufficient patient financial information from which to make a financial assistance qualification decision.

PROCEDURES

Qualification: Full Charity Care and Discount Partial Charity Care

Qualification for full or discount partial financial assistance shall be determined solely by the patient's and/or patient family representative's ability to pay. Qualification for financial assistance shall not be based in any way on age, gender, sexual orientation, ethnicity, national origin, veteran status, disability or religion.

The patient and/or patient family representative who requests assistance in meeting their financial obligation to the hospital shall make every reasonable effort to provide information necessary for the hospital to make a financial assistance qualification determination. The hospital will provide guidance and/or direct assistance to patients or their family representative as necessary to facilitate completion of program applications. Completion of the financial assistance application and submission of any or all required supplemental information may be required for establishing qualification for the Financial Assistance Program.

Financial Assistance Program qualification is determined after the patient and/or patient family representative establishes eligibility according to criteria contained in this policy. While financial assistance shall not be provided on a discriminatory or arbitrary basis, the hospital retains full discretion, consistent with laws and regulations, to establish eligibility criteria and determine when a patient has provided sufficient evidence of qualification for financial assistance.

Patients or their family representative may complete an application for the Financial Assistance Program. The application and required supplemental documents are submitted to the Patient Financial Services department at JCF. This office shall be clearly identified on the application instructions.

JCF will provide personnel who have been trained to review financial assistance applications for completeness and accuracy. Application reviews will be completed as quickly as possible considering the patient's need for a timely response.

A financial assistance determination will be made only by approved hospital personnel according to the following levels of authority:

Controller: Accounts less than $10,000
Chief Executive Officer: Accounts greater than $10,000

Factors considered when determining whether an individual is qualified for financial assistance pursuant to this policy may include:

- No insurance under any government coverage program or other third party insurer;
- Family income based upon tax returns or recent pay stubs
- Family size

Qualification criteria are used in making each individual case determination for coverage under the JCF Financial Assistance Program. Financial assistance will be granted based upon each individual determination of financial need in accordance with the Financial Assistance Program eligibility criteria contained in this policy.
Financial Assistance Program qualification may be granted for full charity care (100% free services) or discount partial charity care (charity care of less than 100%), depending upon the patient or family representative's level of eligibility as defined in the criteria of this Financial Assistance Program Policy.

Once determined, Financial Assistance Program qualification will apply to the specific services and service dates for which application has been made by the patient and/or patient family representative. In cases of continuing care relating to a patient diagnosis which requires on-going, related services, the hospital, at its sole discretion, may treat continuing care as a single case for which qualification applies to all related on-going services provided by the hospital. Other pre-existing patient account balances outstanding at the time of qualification determination by the hospital will be included as eligible for write-off at the sole discretion of hospital management

Patient obligations for Medi-Cal/Medicaid share of cost payments will not be waived under any circumstance. However, after collection of the patient share of cost portion, any other unpaid balance relating to a Medi-Cal/Medicaid share of cost patient may be considered for Charity Care.

Patients at or below 150% of the FPL will not pay more than Medicare would typically pay for a similar episode of service. This shall apply to all necessary hospital inpatient, outpatient and emergency services provided by JCF.

Full and Discount Partial Charity Care Income Qualification Levels

1. If the patient's family income is 100% or less of the established poverty income level, based upon current FPL Guidelines, and the patient meets all other Financial Assistance Program qualification requirements, the entire (100%) patient liability portion of the bill for services will be written off.

2. If the patient's family income is between 101% and 150% of the established poverty income level, based upon current FPL Guidelines, and the patient meets all other Financial Assistance Program qualification requirements, the following will apply:

    - Patient's care is not covered by a payer. If the services are not covered by any third party payer so that the patient ordinarily would be responsible for the full-billed charges, the patient's payment obligation will be a percentage of the gross amount the Medicare program would have paid for the service if the patient were a Medicare beneficiary. The gross amount Medicare would have paid shall be calculated using the currently applicable Medicare cost/charge ratio. The actual percentage paid by any individual patient shall be based on the sliding scale shown in Table 1 below:

TABLE 1
Sliding Scale Payment Schedule

Family Percentage of FPL	Percentage of Medicare Amount Payable
101 – 125%	25%
126 – 150%	50%

- Patient's care is covered by a payer. If the services are covered by a third party payer so that the patient is responsible for only a portion of the billed charges (i.e., a deductible or co-payment), the patient's payment obligation will be an amount equal to the difference between what insurance has paid and the gross amount that Medicare would have paid for the service if the patient were a Medicare beneficiary. The gross amount Medicare would have paid shall be calculated using the currently applicable Medicare cost/charge ratio. If the amount paid by insurance exceeds what Medicare would have paid, the patient will have no further payment obligation.

Hospital-Based Primary Care and Multi-Specialty Clinics

Clinic services are by their nature very different from other hospital programs. The services provided at clinics operated by John C. Fremont Hospital are more like those found in a typical doctor's office. These services may be scheduled by regular appointment, or episodic in occurrence. In either case, such services are of short duration and generally have much lower average charges than other hospital inpatient or outpatient diagnostic and treatment programs.

It would be impractical for patients and the hospital to subject clinic services to the same financial assistance program requirements as described in the terms and conditions listed above for inpatient, outpatient and emergency department services. Therefore the following shall special circumstances shall apply to hospital services rendered in the outpatient clinic setting:

A. Clinic patients will complete the same basic financial assistance application form
B. The patient or family representative's income will primarily be determined using pay stubs
C. Tax returns will not be required as proof of income unless clinic personnel determine it is reasonable and necessary due to unusual circumstances

D. A patient attestation letter may be used on a limited basis when appropriate to an individual patient's circumstance
E. Patients will pay a reduced fee based on the following sliding scale

Clinic Sliding Scale

Patient/Family FPL Qualification	Amount of Payment Due for Clinic Visit
Incomes less than or equal to 100%	$20 flat fee
Incomes between 101% and 150%	80% of Actual Medicare Fee Schedule

Distinct Part Skilled Nursing Services

Skilled nursing services are also quite different in nature than acute care inpatient, outpatient and emergency services. Patients at the distinct part skilled nursing facility are often residents at the hospital and require special programs designed to meet their long-term care needs.

Given the unique nature of providing care to skilled nursing facility patients, the following financial assistance requirements shall apply:

A. All skilled nursing patients and/or their family representatives shall complete the JCF financial assistance application and provide supporting documents as required by the standard application
B. Patients will pay a reduced fee based on the following sliding scale

Distinct Part Skilled Nursing Sliding Scale

Patient/Family FPL Qualification	Amount of Payment Due for Distinct Part Skilled Nursing Facility Services
Incomes less than or equal to 100%	50% of the Medi-Cal Payment Rate
Incomes between 101% and 150%	100% of the Medi-Cal Payment Rate

Payment Plans

When a determination of discount partial charity has been made by the hospital, the patient shall have the option to pay any or all outstanding amount due in one lump sum payment, or through a scheduled term payment plan.

The hospital will discuss payment plan options with each patient that requests to make arrangements for term payments. Individual payment plans will be arranged based upon the patient's ability to effectively meet the payment terms. As a general guideline, payment plans will be structured to last no longer than 12 months. The hospital shall negotiate in good faith with the patient; however there is no obligation to accept the payment terms offered by the patient. No interest will be charged to qualified patient accounts for the duration of any payment plan arranged under the provisions of the Financial Assistance Policy.

Special Circumstances

Any evaluation for financial assistance relating to patients covered by the Medicare Program must include a reasonable analysis of all patient assets, liabilities, income and expenses, prior to eligibility qualification for the Financial Assistance Program. Such financial assistance evaluations must be made prior to service completion by JCF.

If the patient is determined to be homeless he/she will be deemed eligible for charity care.

Deceased patients who do not have any third party coverage, an identifiable estate or for whom no probate hearing is to occur, shall be deemed eligible for charity care.

Patients seen in the emergency department, for whom the hospital is unable to issue a billing statement, may have the account charges written off as Charity Care. All such circumstances shall be identified on the patient's account notes as an essential part of the documentation process.

Other Eligible Circumstances

JCF deems those patients that are eligible for government sponsored low-income assistance program (e.g. Medi-Cal/Medicaid, Healthy Families, California Children's Services and any other applicable state or local low-income program) to be indigent. Therefore such patients are eligible under the Financial Assistance Policy when payment is not made by the governmental program. For example, patients who qualify for Medi-Cal/Medicaid as well as other programs serving the needs of low-income patients (e.g. CHDP, Healthy Families, and CCS) where the program does not make payment for all services or days during a hospital stay, are eligible for Financial Assistance Program

coverage. Under the hospital's Financial Assistance Policy, these types of non-reimbursed patient account balances are eligible for full write-off as Charity Care. Specifically included as Charity Care are charges related to denied stays, denied days of care, and non-covered services. All Treatment Authorization Request (TAR) denials and any lack of payment for non-covered services provided to Medi-Cal/Medicaid and other patients covered by qualifying low-income programs, and other denials (e.g. restricted coverage) are to be classified as Charity Care.

The portion of Medicare patient accounts (a) for which the patient is financially responsible (coinsurance and deductible amounts), (b) which is not covered by insurance or any other payer including Medi-Cal/Medicaid, and (c) which is not reimbursed by Medicare as a bad debt, may be classified as charity care if:

1. The patient is a beneficiary under Medi-Cal/Medicaid or another program serving the health care needs of low-income patients; or

2. The patient otherwise qualifies for financial assistance under this policy and then only to the extent of the write-off provided for under this policy.

Any patient whose income exceeds 150% and experiences a catastrophic medical event may be deemed eligible for financial assistance. Such patients, who have high incomes do not qualify for routine full charity care or discount partial charity care. However, consideration as a catastrophic medical event may be made on a case-by-case basis. The determination of a catastrophic medical event shall be based upon the amount of the patient liability at billed charges, and consideration of the individual's income and assets as reported at the time of occurrence. Management shall use reasonable discretion in making a determination based upon a catastrophic medical event. As a general guideline, any account with a patient liability for services rendered that exceeds $30,000 may be considered for eligibility as a catastrophic medical event.

Any account returned to the hospital from a collection agency that has determined the patient or family representative does not have the resources to pay his or her bill, may be deemed eligible for Charity Care. Documentation of the patient or family representative's inability to pay for services will be maintained in the Charity Care documentation file.

<u>Criteria for Re-Assignment from Bad Debt to Charity Care</u>

All outside collection agencies contracted with JCF to perform account follow-up and/or bad debt collection will utilize the following criteria to identify a status change from bad debt to charity care:

- Patient accounts must have no applicable insurance (including governmental coverage programs or other third party payers); and

- The patient or family representative must have a credit score rating within the lowest 25th percentile of credit scores for any credit evaluation method used; and

- The patient or family representative has not made a payment within 150 days of assignment to the collection agency;

- The collection agency has determined that the patient/family representative is unable to pay; and/or

- The patient or family representative does not have a valid Social Security Number and/or an accurately stated residence address in order to determine a credit score

All accounts returned from a collection agency for re-assignment from Bad Debt to Charity Care will be evaluated by hospital personnel prior to any re-classification within the hospital accounting system and records.

Notification

Once a determination of eligibility is made, a letter indicating the determination status will be sent to the patient or family representative. The determination status letter will indicate one of the following:

A. Approval: The letter will indicate the account has been approved, the level of approval and any outstanding amount owed by the patient.
B. Denial: The reasons for denial of the financial assistance application will be explained to the patient. Any outstanding amount owed by the patient will also be identified.
C. Pending: The applicant will be informed as to why the financial assistance application is incomplete. All outstanding information will be identified and is requested to be supplied to the hospital by the patient or family representative.

Dispute Resolution

In the event that a dispute arises regarding qualification, the patient may file a written appeal for reconsideration with the hospital. The written appeal should contain a complete explanation of the patient's dispute and rationale for reconsideration. Any or all additional relevant documentation to support the patient's claim should be attached to the written appeal.

Any or all appeals will be reviewed by the hospital manager of patient financial services. The director shall consider all written statements of dispute and any attached documentation. After completing a review of the patient's claims, the manager shall provide the patient with a written explanation of findings and determination.

In the event that the patient believes a dispute remains after consideration of the appeal by the manager of patient financial services, the patient may request in writing, a review by the hospital chief executive officer. The chief executive officer shall review the patient's written appeal and documentation, as well as the findings of the manager of patient financial services. The chief executive officer shall make a determination and provide a written explanation of findings to the patient. All determinations by the chief executive officer shall be final. There are no further appeals.

Public Notice

JCF shall post notices informing the public of the Financial Assistance Program. Such notices shall be posting in high volume inpatient, and outpatient service areas of the hospital, including but not limited to the emergency department, billing office, inpatient admission and outpatient registration areas or other common patient waiting areas of the hospital. Notices shall also be posted at any location where a patient may pay their bill. Notices will include contact information on how a patient may obtain more information on financial assistance as well as where to apply for such assistance.

These notices shall be posted in English and Spanish and any other languages that are representative of 5% or greater of patients in the hospital's service area.

A copy of this Financial Assistance Policy will be made available to the public on a reasonable basis.

Confidentiality

It is recognized that the need for financial assistance is a sensitive and deeply personal issue for recipients. Confidentiality of requests, information and funding will be maintained for all that seek or receive financial assistance. The orientation of staff and selection of personnel who will implement this policy should be guided by these values.

Good Faith Requirements

JCF makes arrangements for financial assistance for qualified patients in good faith and relies on the fact that information presented by the patient or family representative is complete and accurate.

Provision of financial assistance does not eliminate the right to bill, either retrospectively or at the time of service, for all services when fraudulent, or purposely inaccurate information has been provided by the patient or family representative. In addition, JCF reserves the right to seek all remedies, including but not limited to civil and criminal damages from those patients or family representatives who have provided fraudulent or purposely inaccurate information in order qualify for the JCF Financial Assistance Program

JOHN C. FREMONT HEALTHCARE DISTRICT
Billing and Collection Policy

PURPOSE

John C. Fremont Healthcare District (JCF Hospital) provides high quality care to patients when they are in need of hospital services. All patients or their guarantor have a financial responsibility related to services received at John C. Fremont Healthcare District and must make arrangements for payment to JCF Hospital either before or after services are rendered. Such arrangements may include payment by an insurance plan, including coverage programs offered through the federal and state government. Payment arrangements may also be made directly with the patient, subject to the payment terms and conditions of JCF Hospital.

Emergency patients will always receive all medically necessary care within the scope resources available at JCF Hospital, to assure that their medical condition is stabilized prior to consideration of any financial arrangements.

The Billing and Collection Policy establishes the guidelines, policies and procedures for use by hospital personnel in evaluating and determining patient payment arrangements. This policy is intended to establish fair and effective means for collection of patient accounts owed to the hospital. In addition, other JCF Hospital policies such as the Financial Assistance Policy which contains provisions for full charity care and discount partial charity care will be considered by JCF Hospital personnel when establishing payment arrangements for each specific patient or their guarantor.

SCOPE

The Billing and Collection Policy will apply to all patients who receive services at John C. Fremont Healthcare District. This policy defines the requirements and processes used by the hospital Patient Financial Services department when making payment arrangements with individual patients or their account guarantors. The Billing and Collection Policy also specifies the standards and practices used by the hospital for the collection of debts arising from the provision of services to patients at JCF Hospital. The Billing and Collection Policy acknowledges that some patients may have special payment arrangements as defined by an insurance contract to which JCF Hospital is a party, or in accordance with hospital conditions of participation in state and federal programs. JCF Hospital endeavors to treat every patient or their guarantor with fair consideration and respect when making payment arrangements.

All requests for payment arrangements from patients, patient families, patient financial guarantors, physicians, hospital staff, or others shall be addressed in accordance with this policy.

POLICY

All patients who receive care at JCF Hospital must make arrangements for payment of any or all amounts owed for hospital services rendered in good faith by JCF Hospital. JCF Hospital reserves the right and retains sole authority for establishing the terms and conditions of payment by individual patients and/or their guarantor, subject to requirements established under state and federal law or regulation.

GENERAL PRACTICES

1. JCF Hospital and the patient share responsibility for timely and accurate resolution of all patient accounts. Patient cooperation and communication is essential to this process. JCF Hospital will make reasonable, cost-effective efforts to assist patients with fulfillment of their financial responsibility.

2. Hospital care at JCF Hospital is available to all those who may be in need of necessary services. To facilitate financial arrangements for persons who may be of low or moderate income, both those who are uninsured or underinsured, JCF Hospital provides the following special assistance to patients as part of the routine billing process:

    a. For uninsured patients, a written statement of charges for services rendered by the hospital is provided in a revenue code summary format which shows the patient a synopsis of all charges by the department in which the charges arose. Upon patient request, a complete itemized statement of charges will be provided;
    b. Patients who have third party insurance will be provided a revenue code summary statement which identifies the charges related to hospital services. Insured patients will receive a balance due from patient statement once the hospital has received payment from the insurance payer. Upon patient request, a complete itemized statement of charges will be provided;
    c. A written request that the patient inform JCF Hospital if the patient has any health insurance coverage, Medicare, Healthy Families, Medi-Cal or other form of insurance coverage;

d. A written statement informing the patient or guarantor that they may be eligible for Medicare, Healthy Families, Medi-Cal, California Children's Services Program, or the JCF Hospital Financial Assistance Program;
e. A written statement indicating how the patient may obtain an application for the Medi-Cal, Healthy Families Program or other appropriate government coverage program;
f. If a patient is uninsured, an application to the Medi-Cal, Healthy Families Program or other appropriate government assistance program will be provided prior to discharge from the hospital;
g. A JCF Hospital representative is available at no cost to the patient to assist with application to relevant government assistance programs;
h. A written statement regarding eligibility criteria and qualification procedures for full charity care and/or discount partial charity care under the JCF Hospital Financial Assistance Program. This statement shall include the name and telephone number of hospital personnel who can assist the patient or guarantor with information about and an application for the JCF Hospital Financial Assistance Program.

3. The JCF Hospital Patient Financial Services department is primarily responsible for the timely and accurate collection of all patient accounts. Patient Financial Services personnel work cooperatively with other hospital departments, members of the Medical Staff, patients, insurance companies, collection agencies and others to assure that timely and accurate processing of patient accounts can occur.

4. Accurate information provides the basis for JCF Hospital to correctly bill patients or their insurer. Patient billing information should be obtained in advance of hospital services whenever possible so that verification, prior authorization or other approvals may be completed prior to the provision of services. When information cannot be obtained prior to the time of service, hospital personnel will work with each patient or their guarantor to assure that all necessary billing information is received by JCF Hospital prior to the completion of services.

PROCEDURES

A. Each patient account will be assigned to an appropriate Patient Financial Services representative based upon the type of account payer and current individual staff workloads. The Controller will periodically review staff workloads and may change or adjust the process or specific assignment of patient accounts to assure timely, accurate and cost-effective collection of such accounts.

B. Once a patient account is assigned to a Patient Financial Services representative, the account details will be reviewed to assure accuracy and completeness of information necessary for the account to be billed.

C. If the account is payable by the patient's insurer, the initial bill will be forwarded directly to the designated insurer. JCF Hospital Patient Financial Services personnel will work with the patient's insurer to obtain any or all amounts owed on the account by the insurer. This will include calculation of contracted rates or other special arrangements that may apply. Once payment by the insurer has been determined by JCF Hospital, any residual patient liability balance, for example a patient co-payment or deductible amount, will be billed directly to the patient. Any or all patient balances are due and payable within 30 days from the date of this first patient billing.

D. If the account is payable only by the patient, it will be classified as a private pay account. Private pay accounts may potentially qualify for a prompt payment discount, government coverage programs, or financial aid under the JCF Hospital Financial Assistance Policy. Patients with accounts in private pay status should contact a Patient Financial Services representative to obtain assistance with qualifying for one or more of these options.

E. In the event that a patient or patient's guarantor has made a deposit payment, or other partial payment for services and subsequently is determined to qualify for full charity care or discount partial charity care, all amounts paid which exceed the payment obligation, if any, as determined through the Financial Assistance Program process, shall be refunded to the patient with interest. Any overpayment due to the patient under this obligation may not be applied to other open balance accounts or debt owed to the hospital by the patient or family representative. Any or all amounts owed shall be reimbursed to the patient or family representative within a reasonable time period. Interest shall begin to accrue on the first day that payment by the patient is received by the hospital. Interest amounts shall be accrued at Ten Percent (10%) per annum. In the event that the amount of interest owed to the patient as part of a refund is less than Five Dollars ($5.00), no interest amount will be paid to the patient. However, in cases where the interest amount due is less than Five Dollars ($5.00), JCF Hospital shall issue a credit to the patient for the amount due for at least 60 days from the date the amount is due.

F. All private pay accounts may be subject to a credit history review. Any private pay patient who has applied for the JCF Hospital Financial Assistance Program will not have a credit history review performed as an element of Financial

Assistance Program qualification. JCF Hospital will use a reputable, nationally-based credit reporting system for the purposes of obtaining the patient or guarantor's historical credit experience.

G. JCF Hospital offers patients a payment plan option when they are not able to settle the account in one lump sum payment. Payment plans are established on a case-by-case basis through consideration of the total amount owed by the patient to JCF Hospital and the patient's or patient family representative's financial circumstances. Payment plans generally require a minimum monthly payment of an amount such that the term of the payment plan shall not exceed twelve (12) months. This minimum monthly payment amount shall be determined by dividing the total outstanding patient liability balance by 12. Payment plans are free of any interest charges or set-up fees. Some situations, such as patients qualified for partial financial assistance, may necessitate special payment plan arrangements based on negotiation between the hospital and patient or their representative. Such payment plans may be arranged by contacting a JCF Hospital Patient Financial Services representative. It is the patient or guarantor's responsibility to contact the JCF Hospital Patient Financial Services department if circumstances change and payment plan terms cannot be met. However, in the event of a payment plan default, JCF Hospital will make a reasonable attempt to contact the patient or their representative by telephone and also give notice of the default in writing. The patient shall have an opportunity to renegotiate the extended payment plan and may do so by contacting a Patient Business Office representative within Fourteen (14) Days from the date of the written notice of extended payment plan default. If the patient fails to request renegotiation of the extended payment plan within Fourteen (14) Days, the payment plan will be deemed inoperative and the account will become subject to collection.

H. Patient account balances in private pay status will be considered past due after 30 days from the date of initial billing. Accounts may be advanced to collection status according to the following schedule:

    a. Any or all private pay account balances where it is determined by JCF Hospital that the patient or guarantor provided fraudulent, misleading or purposely inaccurate demographic or billing information may be considered as advanced for collection immediately upon such a determination by JCF Hospital. Any such account will be reviewed and approved for advancement by the Controller or her designee;
    b. Any or all private pay account balances where no payment has been received, and the patient has not communicated with JCF Hospital within

60 days of initial billing and a minimum of one bill showing details at the revenue code summary level and two cycle statements have been sent to the patient or guarantor. Any such account will be reviewed and approved for advancement by the Controller or her designee;

c. Any or all other patient accounts, including those where there has been no payment within the past 60 days, may be forwarded to collection status when:
    i. Notice is provided to the patient or guarantor that payments have not been made in a timely manner and the account will be subject to collection 30 days from the notice date;
    ii. The patient or guarantor refuses to communicate or cooperate with JCF Hospital Patient Financial Services representatives; and
    iii. The Controller or her management designee has reviewed the account prior to forwarding it to collection status.

I. Patient accounts will not be forwarded to collection status when the patient or guarantor makes reasonable efforts to communicate with JCF Hospital Patient Financial Services representatives and makes good faith efforts to resolve the outstanding account. The JCF Hospital Controller or her designee will determine if the patient or guarantor are continuing to make good faith efforts to resolve the patient account and may use indicators such as: application for Medi-Cal, Healthy Families or other government programs; application for the JCF Hospital Financial Assistance Program; regular partial payments of a reasonable amount; negotiation of a payment plan with JCF Hospital and other such indicators that demonstrate the patient's effort to fulfill their payment obligation.

J. After 30 days or anytime when an account otherwise becomes past due and subject to internal or external collection, JCF Hospital will provide every patient with written notice in the following form:

a. "State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade

Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov."

b. Non-profit credit counseling services may be available in the area. Please contact the JCF Hospital Patient Financial Services if you need more information or assistance in contacting a credit counseling service.

K. For all patient accounts where there is no 3rd party insurer *and/or* whenever a patient provides information that he or she may have high medical costs, the Patient Financial Services representative will assure that the patient has been provided all elements of information as listed above in number 2, parts (a) through (h). This will be accomplished by sending a written billing supplement with the first patient bill. The Patient Financial Services representative will document that the billing supplement was sent by placing an affirmative statement in the "notes" section of the patient's account.

L. For all patient accounts where there is no 3rd party insurer *and/or* whenever a patient provides information that he or she may have high medical costs, JCF Hospital will not report adverse information to a credit reporting agency or commence any civil action prior to 150 days after initial billing of the account. Furthermore, JCF HOSPITAL will not send an unpaid bill for such patients to an external collection agency unless the collection agency has agreed to comply with this requirement.

M. If a patient or guarantor has filed an appeal for coverage of services in accordance with Health & Safety Code Section 127426, JCF Hospital will extend the 150 day limit on reporting of adverse information to a credit reporting agency and/or will not commence any civil action until a final determination of the pending appeal has been made.

N. JCF Hospital will only utilize external collection agencies with which it has established written contractual agreements. Every collection agency performing services on behalf of JCF Hospital must agree to comply with the terms and conditions of such contracts as specified by JCF Hospital. All collection agencies contracted to provide services for or on behalf of JCF Hospital shall agree to comply with the standards and practices defined in the collection agency agreement; including this Billing and Collection Policy, the JCF Hospital Financial Assistance Policy and all legal requirements including those specified in the California Health & Safety Code.

O. JCF Hospital and/or its external collection agencies will not use wage garnishments or liens on a primary residence without an order of the court. Any or all legal action to collect an outstanding patient account by JCF Hospital and/or its collection agencies must be authorized and approved in advance, in writing by the JCF Hospital Director of Patient Financial Services. Any such legal action must conform to the requirements of the California Health & Safety Code.

P. JCF Hospital, its collection agencies, or any assignee may use any or all legal means to pursue reimbursement, debt collection and any enforcement remedy from third-party liability settlements, tortfeasors, or other legally responsible parties. Such actions shall be conducted only with the prior written approval of the hospital director of patient financial services.