March 21, 2022

CHA has compiled the following frequently asked questions on Assembly Bills 1020 and 532. These are the most comment questions CHA has received, and responses provided by California Department of Public Health (CDPH).

AB 1020 (Chapter 473, Statutes of 2021)	**AB 532 (Chapter 465, Statutes of 2021)**
• Effective January 1, 2022	• Effective January 1, 2022
• "What you need to know" fact sheet	• "What you need to know" fact sheet
• All Facilities Letter 21-54	

Question 1. The statute is effective January 1, 2022. What is subject to the law — any service provided AFTER January 1, 2022 OR any debt after January 1, 2022, regardless of date of service?

Answer 1. Any debt after January 1, 2022, regardless of date of service.

Question 2. Do we need to pay all patients interest (section 13) or just patients who qualified for charity? Went to collections?

Answer 2. AB 1020 (Chapter 473, Statutes 2021) made the following changes to Health and Safety Code (HSC) 127440 (section 13 of AB 1020), "The hospital shall ~~give the patient a credit for the amount due for at least 60 days from the date the amount is due.~~ *refund the patient within 30 days.*" The hospital must continue to reimburse all patients any amount actually paid in excess of the amount due, including interest, under the Hospital Fair Pricing Policies article [HSC 127400 - 127446].

Question 3. Statute requires hospitals to develop and send a pre-collections letter. The following are questions about what needs to be included:

Answer 3. Answer's embedded below.

- Name of the entity the bill is being assigned or sold to: Is this the name of the agency to which the balance will soon be assigned will need to be listed on this notice?

  Answer—HSC 127425(e)(2) states, "The name of the entity the bill is being

assigned or sold to." The entity is a debt buyer, as defined in Section 1788.50 of the Civil Code

- Patient's health insurance on record with the hospital: Would this include the patient's health insurance plan name and subscriber ID?

  Answer—HSC 127425 (e)(4) states, "(4) The name and plan type of the health coverage for the patient on record with the hospital at the time of services or a statement that the hospital does not have that information." There is no mention of a subscriber ID.

- Application for the hospital's charity care and financial assistance — it is required to attach a copy of our financial assistance application to this notice, not just information on where to obtain one?

  Answer—HSC 127425 (e)(5) states, "An application for the hospital's charity care and financial assistance." The application must be sent with the notice.

- Date the patient was sent the notices about financial aid including an application and any decision on the application — if a hospital has previously sent the patient notice of the availability of financial aid, sent the patient a financial assistance application, or reviewed a previous application, will hospitals need to include those dates on this notice?

  Answer—HSC 127425 (e)(6) states, "The date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made."

- Dates on letter to patients: For patients who are unfunded, what dates for the letter can a hospital include or how does the 180-day rule apply? Will all of the following dates need to be included on the final notice to patients?:

  - Date patient was sent the information
  - Date patient was provided with decision
  - Date patient was sent notices of financial aid (related to prior question)

  Answer—HSC 127425 (e)(6) states, "The date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made."

- Notice of financial assistance – for every communication, do notices for financial assistance need to be included?

Answer—It is not required for every communication, just those prescribed by law, however the hospital may include it on additional notices.

Question 4. Physician and professional charges: Can you provide clarity on what type of debt is subject to AB 1020? Does this mean that professional/physician charges are excluded from the pre-collections notice ("Goodbye Letter") and ≥180-day aging requirement before assignment to collections?

Answer 4. AB 1020 did not change the type of debt being collected. It applies to any debt originating in a hospital. AB 1020 makes no reference to a shorter timeframe for professional/physician charges.

Question 5. Would our Bankruptcy and Deceased vendor fall under the requirements of the new law? Some hospitals accelerate vendor assignment for these accounts immediately after receiving notice/flag of bankrupt or deceased. The vendor collects outstanding balances on our behalf, but they do not collect directly from our patients or families. The bankruptcy line of business is pursued through the courts. The deceased line of business is pursued through the patient's estate, if one exists. Would the "Goodbye Letter" and ≥ 180-day aging requirement before assignment to collections apply to this situation?

Answer 5. AB 1020 did not change the type of debt being collected. It applies to any debt originating in a hospital. The portions of AB 1020 in the Health and Safety Code make no reference to bankrupt or deceased patients.

Question 6. Return mail: Some hospitals accelerate collections assignment for "Returned Mail" and "Delinquent Payment Plan" scenarios. Does the ≥ 180-day aging requirement before assignment to collections apply to this type of inventory, thereby eliminating the option of accelerated bad debt?

Answer 6. HSC 127425 states (a) A hospital shall not sell patient debt to a debt buyer, as defined in Section 1788.50 of the Civil Code, unless the hospital has found the patient ineligible for financial assistance or the patient has not responded to any attempts to bill or offer financial assistance for 180 days. A delinquent payment plan under 180 days would not meet the requirements of this section. Hospitals should consult their legal counsel about whether returned mail could be interpreted as not responding to attempts to bill.

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