

Health Care Debt and Fair Billing Program

Assembly Bill 1020 (Chapter 473, Statutes of 2021) requires the Department of Health Care Access and Information (HCAI) to assume enforcement of the Hospital Fair Pricing Act from the California Department of Public Health (CDPH) beginning January 1, 2024. This will require the department to impose administrative penalties on hospitals for violation of the Hospital Fair Pricing Act. HCAI will also develop and implement a consumer-facing program to receive complaints of improper billing and establish a procedure for investigating patient complaints. This bill requires HCAI to promulgate regulations to establish criteria to be considered in determining the amount of the penalty as well as establishing an appeals process.

The law creates new requirements that prohibit hospitals from selling patient debt unless specified conditions are met, including that the hospital has found the patient ineligible for financial assistance, or the patient has not responded to attempts to bill or offer financial assistance for 180 days. It also extends adverse credit reporting and commencement of civil action from 150 to 180 days after initial billing and requires debt collectors to certify that the patient has been screened for public programs and financial assistance before filing a lawsuit. Additionally, the law raises the income level for financial assistance from 350 percent of FPL to 400 percent.

Additionally, the law requires hospitals to submit to HCAI the hospital’s debt collection policy, in addition to their existing charity care and discount payment policy. HCAI is required to review the policy for compliance with law by January 1, 2023. The debt collection policy, along with discount and charity care policies, will be made available on both HCAI and hospital websites. The policies will be updated biennially or whenever there are any significant changes made.

The January 2022 Implementation Plan includes program activities through December 2024.

Upcoming Activities	
Projected Time	Period Program Activities
January 2022 to June 2022	<ul style="list-style-type: none"> • Begin program planning • Begin rulemaking process to define debt collection policy reporting requirements

<p>July 2022 to December 2022</p>	<ul style="list-style-type: none"> • Complete rulemaking process for debt collection policy collection and review • Begin rulemaking process for improper billing complaints receipt and investigation and enforcement of the Hospital Fair Pricing Act
<p>January 2023 to December 2023</p>	<ul style="list-style-type: none"> • Collect and review of initial debt collection policy submissions from hospitals • Complete rulemaking process for improper billing complaints receipt and investigation • Perform design, development, and implementation for improper billing complaint program platform • Collaborate with CDPH to support transition of enforcement of the Hospital Fair Pricing Act
<p>January 2024 to December 2024</p>	<ul style="list-style-type: none"> • Assume enforcement of the Hospital Fair Pricing Act from CDPH • Begin receipt and investigation of improper billing complaints

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