Department of Health Care Access and Information
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October 16, 2024 PIL 24-03

To: Acute Psychiatric Hospitals
General Acute Care Hospitals
Special Hospitals

**Subject: Assembly Bill 2297 and Senate Bill 1061 – Hospital Fair Pricing Policies**

This Program Information Letter (PIL) announces the chaptering of Assembly Bill (AB) 2297 (Chapter 511, Statutes of 2024) and Senate Bill (SB) 1061 (Chapter 520, Statutes of 2024), which amend the Hospital Fair Pricing Act (Health and Safety Code (HSC) sections 127400 - 127446).

Effective January 1, 2025, AB 2297 and SB 1061 update the hospital financial assistance and debt collection requirements. The related regulations (Title 22, California Code of Regulations (CCR) sections 96051 - 96051.37) will also be updated to reflect the statutory changes effective January 1, 2025.

New Definitions

"Charity care" will be defined as "free care," and "discount payment" will be defined as "any charge for care that is reduced but not free."

Within the "high medical costs" definition, it is clarified that "out-of-pocket" costs and expenses "mean any expenses for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays or Medi-Cal cost sharing."

The definition of "patient's family" is expanded to include dependent children of any age, and to account for the inclusion of parents when the patient is a dependent child who is not a minor.

Eligibility

Monetary assets may no longer be considered in determining eligibility for charity care or discount payment. Eligibility for both programs must be based on income consistent with the application of the federal poverty level, and documentation of income is limited to recent paystubs or income tax returns for both programs. A hospital may accept other

forms of documentation of income but cannot require those other forms. Further, if a patient does not submit an application or documentation of income, a hospital may presumptively determine that a patient is eligible for charity care or discounted payment based on information other than that provided by the patient or based on a prior eligibility determination.

In addition, hospitals cannot require a patient to apply for Medicare, Medi-Cal, or other coverage before the patient is screened for, or provided, discount payment. However, hospitals may require patients to participate in screening for Medi-Cal eligibility.

Application Deadlines

While HCAI has always interpreted the law to prohibit the use of application deadlines for financial assistance, AB 2297 clarifies the language further. Under the renumbered HSC section 127405(e)(3), eligibility for discounted payments or charity care "shall" be determined at any time, and a hospital "shall not impose time limits for applying for charity care or discounted payments, nor deny eligibility based on the timing of a patient's application."

Patient Payments

A health savings account held by the patient or the patient's family may be considered when negotiating payment plans.

In addition, Hospitals may require a patient or guarantor to pay the hospital any amounts sent directly to the patient by third-party payors, including from legal settlements, judgements, or awards.

Clarifying language has been added to allow hospitals to waive or reduce Medi-Cal and Medicare cost-sharing amounts as part of its charity care program or discount payment program.

Reimbursement

Hospitals are not required to reimburse a patient if: (1) it has been five years or more since the patient's last payment to hospital/debt buyer, or (2) the patient's debt was sold before January 1, 2022, in accordance with the law at the time.

Debt Collection Practices

The conditions for allowing the sale of a patient's primary residence have been removed, and liens on any real property owned by the patient are prohibited.

Reporting adverse information about a patient's hospital debt to a consumer credit reporting agency is no longer allowed.

Policy Submission

Hospitals may need to update their financial assistance policies, financial assistance application(s), and debt collection policy to comply with the new laws. Any such revision would be considered a “significant change” as defined in Title 22, California Code of Regulations section 96051.6(b)(5), which requires submission to HCAI pursuant to HSC section 127435(a).

**Revisions must be reflected in the marked-up versions submitted using underline to identify new content and strikethrough to identify removed content.**

HCAI’s failure to expressly notify hospitals of statutory or regulatory requirements does not relieve hospitals of their responsibility to follow all laws and regulations. Hospitals should refer to the full text of all applicable sections of HSC and the California Code of Regulations to ensure compliance.

Sincerely,

Hospital Fair Billing Program – Legal Unit

HCAI

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