



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **DEPARTMENT OF HEALTH SERVICES – DELINQUENT SELF-PAY
ACCOUNT COLLECTIONS**

On March 13, 2001, your Board instructed the Auditor-Controller to review the collection practices of the Department of Health Services (DHS) for delinquent self-pay accounts. This report contains the results of that review.

Our review included evaluating collection practices at DHS, the Treasurer and Tax Collector (TTC) and USCB, DHS' outside collection agency. We examined a sample of patient accounts and interviewed management and staff regarding financial screening and collection procedures. We also contacted five other counties (Alameda, San Bernardino, San Francisco, Santa Clara and Maricopa, AZ) to identify collection practices that might be beneficial to DHS.

Summary of Findings

For self-pay accounts, we noted a lack of standardized collection procedures at DHS facilities. Specifically, we noted that DHS facilities differ in the timing and number of bills sent to patients and when accounts are referred to USCB. As a result, patients at some DHS facilities may not receive a bill until five months after an inpatient stay. We also found that DHS facilities do not consistently track self-pay collection results.

DHS Administration should evaluate the various facility billing policies and procedures to determine the most effective practices and develop and implement consistent policies and procedures among DHS facilities. At a minimum, DHS facilities should send one bill to self-pay patients before referring the accounts to the outside collection agency and evaluate if additional billings are warranted. Additionally, facilities should bill potential self-pay patients (i.e., pending Medi-Cal and ATP applicants) while PFS is working the

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account. Since lengthy delays at PFS are frequently due to patients not providing needed information timely (e.g., paycheck stubs, bank statements, etc.), a bill would inform patients of the outstanding charges and could encourage patients to apply for third-party coverage.

We also found that DHS does not accumulate or monitor self-pay collection data. As part of DHS' evaluation of self-pay collection efforts, DHS Administration should require the facilities to consistently track and report self-pay collection rates. This information can be used by DHS to assess the effectiveness of facility collection efforts.

In comparison with the other counties surveyed, we found that DHS relies more heavily on the outside collection agency. The other counties conduct more timely and frequent in-house collection efforts, while DHS, in many cases, does not make any in-house collection effort on self-pay accounts. While it is difficult to meaningfully compare collection rates because of differences in how the rates are calculated and other variables, we did note that two of the five counties reported collection rates similar to DHS, while the three other counties reported higher collection rates. DHS' collection rate may be lower than other counties due to DHS' emphasis on qualifying patients for Medi-Cal. This may result in fewer collectible self-pay accounts, but more third party collections by DHS.

The following are examples of inconsistencies among DHS facilities and other areas where improvements can be made:

- Olive View Medical Center (OVMC) and the Consolidated Business Office (CBO), which handles billing for three DHS facilities (LAC+USC, King/Drew and High Desert), do not make any collection efforts on inpatient accounts before referring them to USCB. Harbor/UCLA sends one bill before referring the accounts. According to Harbor/UCLA management, collections from the billing are minimal. However, the bill prompts some patients to contact the facility to apply for Medi-Cal. Subsequent to our review, DHS Administration notified all facilities to send at least one bill to all self-pay patients before referring the accounts to UCSB.

All five of the other counties we contacted send at least three bills to the patients before referring the account for further collection efforts.

- The timeframe for referring self-pay inpatient accounts to USCB differs significantly among facilities. For example, Harbor/UCLA and OVMC generally refer accounts to the collection agency approximately one month after the date of service, while CBO generally refers accounts approximately five months after the date of service. CBO management indicated that they refer accounts once the accounts are received from the facilities' financial screening units. The timing of referrals to USCB should allow facilities time to identify third-party coverage and to attempt to collect on the account before it is referred to the collection agency. However, referrals should also be made as soon as possible to maximize the chances for collection.

The timing of the inpatient referrals at the other counties we contacted ranged from 100 to 180 days after the date of service. However, these counties also bill the accounts at least every 30 days before they are referred to the collection agency or county department for collection. CBO and OVMC do not send bills during this period.

- Based on our review of the facilities accounts receivable reports, 7% of H/UCLA's self-pay accounts and 5% of LAC+USC's self-pay accounts are over one year old. The total charges on H/UCLA and LAC+USC accounts over one year old are \$4.2 million and \$2.2 million, respectively. These accounts have not yet been referred to USCB. We reviewed ten self-pay accounts at both H/UCLA and LAC+USC that were more than six months past the date of service and found that seven (70%) of the accounts at H/UCLA and four (40%) of the accounts at LAC+USC should have been referred to USCB. DHS management needs to ensure that facilities monitor self-pay accounts and refer accounts to the outside collection agency timely.
- CBO does not send a bill for outpatient services until 30 days after the end of the month when the self-pay patient was seen. Therefore, if a patient is seen early in the month of service, it could take up to 60 days from the date of service until the patient receives a bill. Harbor/UCLA sends an initial bill 16 days after the end of the month of service. According to DHS management, these timing differences are due to variations in the facilities' bill processing. The five counties we contacted send an initial bill between five and 18 days after the date of service.
- DHS facilities do not offer payment plans to allow self-pay patients to pay off the accounts over time. DHS facilities refer accounts to USCB even if the patient is making voluntary payments on the account. USCB will then establish payment plans for the patients. All five counties we contacted offer payment plans to their patients.

Once USCB exhausts its collection efforts, it transfers the remaining accounts to TTC. Because of the age of these accounts and the fact that USCB's previous collection efforts have failed, TTC's collections on these accounts are minimal and it is possible that these collection efforts are not cost-effective. We have recommended that DHS and TTC further evaluate this matter.

Acknowledgement and Response

We discussed our report with DHS and TTC management who generally concurred with the findings and recommendations. DHS plans to respond to our recommendations within 45 days. We thank DHS and TTC management and staff for their cooperation and assistance during our review.

If you have any questions, please call me at (213) 974-8301 or Pat McMahon at (213) 974-0729.

JTM:PTM:KM

Attachments

- c: David E. Janssen, Chief Administrative Officer
- Fred Leaf, Acting Director, Department of Health Services
- Mark Saladino, Treasurer and Tax Collector
- Violet Varona-Lukens, Executive Officer, Board of Supervisors
- Public Information Office
- Audit Committee

Department of Health Services Delinquent Self-Pay Account Collections

Background

Patients who do not have third-party resources (e.g., Medi-Cal, Medicare, private insurance, etc.) are responsible for the cost of the medical care provided at the Department of Health Services (DHS) facilities. These patients (and their related charges) are referred to as self-pay. However, patients without third-party coverage may qualify for the County's low cost or no cost programs (i.e., the Ability-to-Pay Plan, the Pre-payment Plan, etc.). Under these plans, some or all the patient's charges may be forgiven.

Approximately 18% of DHS inpatients are self-pay, approximately 57% have third-party coverage (primarily Medi-Cal) and about 13% have zero liability under the County's Ability-to-Pay Plan. The remaining 12% are grant-funded and other payers. Information on outpatient payer percentages was not readily available.

The County's outside collection agency collects approximately 4% of charges from self-pay patients. In fiscal year (FY) 1999-2000, self-pay collections were approximately \$22 million. DHS focuses its collection efforts on third-party payers that generate over \$450 million in annual revenue.

Scope and Objectives

On March 13, 2001, the Board instructed the Auditor-Controller to review DHS' revenue collections, specifically collection of delinquent self-pay accounts. We reviewed the collection procedures at DHS, the Treasurer and Tax Collector (TTC) and USCB, the outside collection agency used by DHS. We also contacted five other counties (Alameda, San Bernardino, San Francisco, Santa Clara and Maricopa, AZ) to identify other practices that might be beneficial to DHS. Our review was intended to determine if improvements can be made in DHS' collection practices.

At DHS, we conducted our review at Harbor/UCLA Medical Center (H/UCLA), Olive View Medical Center (OVMC) and DHS' Consolidated Business Office (CBO). CBO performs patient billing and accounts receivable functions for LAC+USC Medical Center (LAC+USC), Martin Luther King, Jr./Drew Medical Center (King/Drew) and High Desert Hospital (HDH). Our review included examining a sample of patient accounts and discussions with management and staff regarding financial screening and collection procedures. Our review excluded Rancho Los Amigos National Rehabilitation Center (RLANRC) because, as a rehabilitation center, RLANRC has a much higher proportion of Medi-Cal patients and fewer self-pay patients than other DHS facilities.

Overview of Collection Process

DHS uses both internal and external resources in its collection efforts. Below is an overview of these efforts.

Financial Screening

When a patient is treated at a DHS facility, Patient Financial Services (PFS) or other staff screen the patient to determine if the patient has, or is eligible for, third-party coverage (e.g., Medi-Cal, Medicare, etc.), the County's Ability to Pay Plan or other programs that would reduce the patient's liability.

DHS places significant emphasis on identifying and qualifying patients for third-party coverage, mainly Medi-Cal, since these payers provide the largest amount of revenue for the Department. To assist in these efforts, the State has granted DHS a waiver to solicit and process Medi-Cal applications from patients in its facilities, unlike some other counties where the department of public social services is responsible for these activities.

DHS also uses a variety of outside resources and private vendors to identify eligibility and process applications for third-party resources. If the patient does not qualify for one of these programs, the patient will be classified as self-pay. It appears that DHS' attempts to identify third-party resources for patients are appropriate.

During registration and screening, DHS staff obtains patient demographic and financial information, such as verification of address, employment information and income, which can be used in the collection process. PFS then sends this information to the facility's billing unit for billing and collection.

Billing and Collection

Once an account is classified as self-pay (i.e., after the financial screening process is completed), DHS makes the following collection efforts:

- For inpatient accounts, CBO and OVMC do not make any collection efforts on inpatient accounts before referring them to USCB. Harbor/UCLA sends one bill before referring the accounts.
- For outpatient accounts, CBO does not send a bill until 30 days after the end of the month when the patient was seen. Therefore, if a patient is seen early in the month of service, it could take up to 60 days from the date of service until the patient receives a bill. Harbor/UCLA sends an initial bill 16 days after the end of the month of service. Additional billings are sent every 15 days for the next 75 to 90 days.

- If the patients do not respond to these bills, DHS refers the accounts simultaneously to USCB and various Medi-Cal Resource Development and Recovery Services (MRDRS) contractors. The MRDRS contractors make further attempts to identify third-party resources including advocacy services for Medi-Cal applicants and attendance at Medi-Cal Fair Hearings. These contractors have 20 days to accept accounts the agency wants to continue to pursue for third-party coverage. After this 20-day period, USCB will initiate its collection efforts on the accounts.

The timing of the referrals to USCB varies depending on the facility. The referral timeframe generally ranges from one to five months after the date of service.

Outside Collection Agency

After the facilities complete their billing efforts, if any, they refer the accounts to USCB. USCB uses a variety of resources in its efforts to collect outstanding self-pay accounts, such as accessing credit reports and database searches to determine the patient's current address, employer, income sources, assets and potential eligibility for Medi-Cal. USCB conducts the following collection activities.

- Sending collection letters immediately upon receipt of the account and every thirty days thereafter.
- Making follow-up telephone contacts.
- Arranging payment plans.
- Attempting to identify any third-party coverage and assisting the patient in the application process.
- Pursuing litigation on some high dollar accounts.

If its collection efforts are not successful, USCB refers the accounts to TTC within 180 days of receipt, or within 10 days of USCB's decision to stop collection efforts. USCB's collection rate is approximately 4% on inpatient accounts and 2% on outpatient accounts.

Treasurer and Tax Collector

Upon receipt of the accounts from USCB, TTC sends one final collection letter and performs a match against the State's employment information system to determine if the patient is able to pay for the services. Based on the age of these accounts and previous collection efforts, TTC's collection on these accounts is minimal.

Comments and Recommendations

Collection Policies and Procedures

DHS does not have standard self-pay collection policies and procedures. As a result, there are many differences in the collection practices among the facilities. For example, the number and frequency of patient billings varies among the facilities and whether the charges are for outpatient or inpatient services. In addition, we noted that the facilities make minimal internal efforts (if any) to collect on inpatient self-pay accounts before referring the accounts to USCB. The following are specific areas noted in our review:

- For inpatient accounts, the CBO and OVMC do not bill the patients before referring inpatient accounts to USCB. H/UCLA sends one bill to the patient before referring the accounts to USCB. According to H/UCLA management, collections from the billing are minimal. However, the bill prompts some patients to contact the facility, which allows the facility to pursue identification of a third-party resource.

Sending at least one bill to a patient before referring the accounts to the outside collection agency appears to encourage patients to contact the facility, which allows the facility to pursue identification of third-party resources. It also allows the facility to collect revenue without having to pay the outside collection agency's fee. All five of the other counties we contacted send at least three bills to the patients before referring the accounts for further collection efforts.

Subsequent to our fieldwork, DHS Revenue Management established a policy requiring all facilities to send at least one bill to all self-pay patients before referring the accounts to USCB.

- For outpatient accounts, CBO and OVMC send an initial bill 30 days after the end of the month of service. (Emergency room visits are billed within fifteen days of service.) Therefore, if a patient was seen at the beginning of the month, it could take up to 60 days from the date of service for a patient to receive the first bill. H/UCLA sends an initial bill 16 days after the end of the month of service (i.e., up to 46 days from the date of service). According to DHS management, these timing differences are due to variations among the facilities in the methods used to process the bills.

As a general rule, the sooner the collection efforts are initiated, the greater the chances for collection. The five counties we contacted send an initial bill for service between five and 18 days after the date of service.

- The time for referring inpatient accounts to USCB for collection differs significantly among the facilities. H/UCLA and OVMC generally refer accounts to USCB approximately one month after the date of service, while CBO generally refers accounts approximately five months after the date of service. (As noted earlier, CBO and OVMC do not send any bills to the patients during this time.) CBO management stated that the facilities' PFS unit holds the accounts in an attempt to identify third party coverage or determine eligibility for reduced cost programs. CBO refers these accounts to USCB as soon as they are received from PFS.

The timing of referrals to USCB should allow facilities time to identify third party coverage and to attempt to collect on the account before it is referred to the collection agency. However, referrals should also be made as soon as possible to maximize the chances for collection. H/UCLA refers inpatient accounts to USCB approximately one month after the initial billing. This allows minimal time for the patient to pay/respond before the account is referred to the collection agency. On the other hand, CBO's referral timeframe of five months may be excessive. The other counties we contacted refer inpatient accounts to an outside collection agency or another county department for further collection activities between 100 to 180 days after the date of service. However, these counties also bill the accounts at least every 30 days. As discussed earlier, CBO and OVMC do not send bills during this period.

DHS Administration should evaluate the various facility billing policies and procedures to determine the most effective practices and develop and implement consistent policies and procedures among DHS facilities. At a minimum, DHS facilities should send one bill to self-pay patients before referring the accounts to the outside collection agency and evaluate if additional billings are warranted. Additionally, facilities should bill potential self-pay patients (i.e., pending Medi-Cal and ATP applicants) while PFS is working the account. Since lengthy delays at PFS are frequently due to patients not providing needed information timely (e.g., paycheck stubs, bank statements, etc.), a bill would inform patients of the outstanding charges and could encourage patients to apply for third-party coverage.

We also found that DHS does not accumulate or monitor self-pay collection data. As part of DHS' evaluation of self-pay collection efforts, DHS Administration should require the facilities to consistently track and report self-pay collection rates. This information can be used by DHS to assess the effectiveness of facility collection efforts.

Recommendations

DHS Administration:

1. **Develop and implement standard self-pay billing policies and procedures including increased in-house billing efforts and improved timeliness of such billings and timely referrals to USCB.**

Recommendations (continued)

DHS Administration:

- 2. Require the facilities to consistently track and report self-pay collection data on an ongoing basis to assess the effectiveness of collection efforts.**

Payment Plans

DHS facilities do not establish payment plans for self-pay accounts. DHS facilities refer accounts to USCB even if the patient is making voluntary payments on the account.

DHS management stated that it might not be cost-effective to offer payment plans. However, all five counties we contacted offer payment plans. The other counties indicated that, since many patients are not able to pay the balance in full, payment plans are a beneficial and necessary option in the collection process. Setting up payment plans would allow DHS to collect self-pay revenue without paying a collection fee to USCB (USCB accepts payment plans). If the patient becomes delinquent in the payment plan, DHS could then refer the account to USCB for further collection efforts. DHS should conduct a pilot study to evaluate the cost-effectiveness of establishing such a program.

Recommendation

- 3. DHS Revenue Management conduct a pilot study to evaluate the cost-effectiveness of establishing payment plans for self-pay patients.**

Down-Payment Request

For scheduled admissions, DHS policy requires facilities to request patients who do not have third-party coverage and are not eligible for, or are unwilling to apply for the Ability-to-Pay Plan, to make a \$700 down payment and sign a statement of responsibility. LAC+USC staff indicated that many patients reconsider applying for Medi-Cal when confronted with the down payment and statement of responsibility.

We found that LAC+USC, KDMC and OVMC are complying with DHS' policy to require a down payment and a signed statement of responsibility from scheduled admission patients. H/UCLA is not complying with the policy. As an incentive to apply for Medi-Cal, DHS should ensure that all facilities implement this practice.

Recommendation

- 4. DHS Administration ensure all facilities request scheduled admission self-pay patients to make a down payment and sign a statement of responsibility.**

Late Referrals

As noted earlier, there is a lack of consistency among DHS facilities on when accounts are referred to USCB, the outside collection agency. To assess whether accounts were being referred to USCB timely, we reviewed ten self-pay accounts for both H/UCLA and LAC+USC that were more than six months past the date of service to determine if the accounts should have been referred to USCB. We noted the following:

- For H/UCLA, seven of the ten accounts, averaging 640 days from date of service, should have been referred to USCB. The remaining three accounts were recently identified as self-pay accounts (e.g., the accounts were previously pending Medi-Cal) and were expected to be referred within the facility’s timeframe.
- For LAC+USC, four of the ten accounts averaging 410 days from date of service, should have been referred to USCB. CBO had not yet received the PFS files from LAC+USC on two of the four accounts. CBO cannot refer accounts to USCB until the PFS files are received. PFS staff indicated that the PFS files on the other two accounts were sent to CBO. However, CBO has not yet referred these accounts to USCB. The remaining six accounts were recently identified as self-pay accounts (i.e., the accounts were previously pending Medi-Cal) and referred to USCB for collection within the facility’s timeframe.

Based on our review of the facilities’ accounts receivable reports, 7% of H/UCLA’s self-pay accounts and 5% of LAC+USC’s self-pay accounts are over one-year old. These accounts have not yet been referred to USCB. The total charges on H/UCLA and LAC+USC accounts more than one year old total \$4.2 million and \$2.2 million, respectively. CBO staff indicated that, in accordance with their written policy, they monitor their aged self-pay accounts on a monthly basis. H/UCLA staff indicated that they do not have a written policy, but they indicated they monitor their aged self-pay accounts on a bi-monthly basis.

Based on the delays in referring accounts to USCB, H/UCLA and LAC+USC need to improve their monitoring of aged self-pay accounts to ensure accounts are referred to the outside collection agency timely.

Recommendations

- 5. DHS Administration ensure that facilities monitor self-pay accounts and refer accounts to the outside collection agency timely.**

Recommendations (continued)

6. **H/UCLA management establish and implement a policy to ensure aged self-pay accounts are monitored on a regular basis.**

Notification of County's Payment Programs

Section 1867(a) of the Social Security Act, also known as the Emergency Medical Treatment and Active Labor Act (EMTALA), restricts hospitals' inquiries into a patient's ability to pay if the patient has an "emergency medical condition". For example, the regulations indicate that a medical screening exam may not be delayed for inquires about payment.

Because of EMTALA, DHS Emergency Room (ER) staff do not conduct any financial screening. At H/UCLA, if an ER patient does not voluntarily identify any third-party coverage, nursing staff gives the patient a packet of information on payment options (e.g., Pre-payment Plan, ATP, etc.) after the patient has been treated. LAC+USC and OVMC do not provide ER patients with any information on payment options at any time during the visit.

To ensure patients are informed of their payment options and that the collection process is initiated timely, DHS should establish a policy requiring all ER facilities to provide patients with information regarding payment options after the medical evaluation has been completed and monitor for compliance.

Recommendation

7. **DHS Revenue Management establish a policy requiring all ER facilities to provide patients with information regarding payment options after the medical evaluation has been completed and monitor for compliance.**

TTC's Collection Efforts

Based on the results of a four-year pilot study completed in 1998, which compared USCB's collection rates to TTC's collection rates, DHS now refers all delinquent self-pay accounts to USCB. Once USCB exhausts its collection efforts, the accounts are transferred to TTC for further collection efforts and/or write-off.

TTC has been making collection efforts on inpatient accounts referred back by USCB since July 2000. From July 2000 through February 2001, TTC's total collections on these accounts were approximately \$127,000 (approximately .04% of the total charges referred back by USCB). TTC indicated the collection amount and rate may be inaccurate. This low collection percentage could be due to the age of the accounts and USCB's prior collection efforts.

TTC management is monitoring the results of these collection efforts, but has not yet concluded whether these efforts should be continued. Based on the results to date, it is possible that these collection efforts are not cost-effective.

Recommendation

8. **DHS and TTC management evaluate the cost-effectiveness of TTC's collection efforts and, if the efforts are not cost-effective, stop performing collection efforts.**

Other Counties' Self-Pay Collection Procedures

We contacted four California counties (San Francisco, Alameda, San Bernardino and Santa Clara) and one Arizona county (Maricopa) to discuss self-pay collection practices. We obtained information on the counties' reduced cost self-pay programs and self-pay collection practices to identify possible methods for improving DHS' collection activities. We also obtained information on the counties' self-pay collection rates. The following summarizes our discussions.

Reduced Cost Self-Pay Programs

All five counties offer reduced cost self-pay programs, similar to DHS' ATP Program. The patients must first exhaust other third-party resources (e.g., Medi-Cal), before applying for the reduced cost self-pay programs. Eligibility for these programs is based on the patient's financial ability to pay. We found that the methods used by these counties to verify patient financial information were similar to DHS' (e.g., obtaining bank statements, pay stubs, verification of address such as, drivers' license or utility bill, accessing state computer systems, such as California's Eligibility Income Verification System to verify information obtained from the patient, etc.). DHS indicated that, under the Outpatient Reduced Cost Simplified Application program (ORSA), approved by the Board as part of the 1115 Waiver, the Department has reduced its verification of patient financial information.

In-House Collection Efforts

All five counties' healthcare facilities conduct in-house collection procedures prior to referring the accounts either to an outside collection agency (OCA) or another county department for further collection efforts. The following chart summarizes the inpatient billing timeframes and referral timeframes for these counties and DHS:

Inpatient Billing/Referral Timeframes

County/Facility	Initial Billing (# of days after discharge)	Frequency of Subsequent Bills	Number of Bills Sent Prior to Referral	Referral to OCA/Treasurer (# of days)
Los Angeles County – Department of Health Services				
CBO	No billing	Not Applicable	0	150 days
OMVC	No billing	Not Applicable	0	30 days
H/UCLA	10 days	Not Applicable	1	30 days
Other Counties				
SAN FRANCISCO	5 days	15 days	5	100 days
ALAMEDA	15 days	30 days	3	120 days
SAN BERNARDINO	25 days	30 days	3	100 days
SANTA CLARA	14 days	30 days	6	180 days
MARICOPA	5 days	30 days	6	150 days

As indicated above, the other counties use more in-house efforts to collect on inpatient accounts than DHS. The other counties send between three and six bills to the patients before referring the account for additional collection effort, while DHS, in many cases, does not send any bills.

Another difference between DHS and these counties is that all five other counties accept payment plans for self-pay patients. As noted previously, DHS does not accept payment plans. Several of the counties stated that payment plans are an effective method to assist in collecting self-pay accounts.

Referrals to Outside Collection Agencies

As noted above, all five counties bill self-pay accounts prior to referring the accounts for further collection efforts. Four of the five counties initially refer delinquent accounts to another County department, such as the Treasurer, and the remaining county refers their delinquent accounts directly to an outside collection agency. Three of the four counties that refer accounts to the Treasurer subsequently refer unpaid accounts to an

outside collection agency. As noted previously, DHS refers all delinquent self-pay accounts directly to USCB and then to TTC. The use of outside collection agencies seems to be a common practice.

The timing of the referrals varied between the counties. The referral timeframes ranged from 100 to 180 days from discharge for inpatient accounts and from 60 to 150 days from the date of service for outpatient accounts. DHS' referral timeframes were generally within these ranges, except for OVMC and H/UCLA, which refer inpatient accounts in thirty days.

We reviewed the methods used by the other counties' Treasurer/outside collection agency in their collection efforts. These methods include collection letters, phone calls, additional third party resource identification efforts, credit checks, litigation, etc., all of which are methods utilized by USCB and/or TTC.

Collection Rates

Based on discussions with the five counties, the collection rates on self-pay accounts ranged from 4% to 35%. However, because of differences in how these rates are calculated and other variables (e.g., patient demographics), it is difficult to make meaningful comparisons. In addition, as discussed earlier, DHS facilities do not consistently collect or report on self-pay collection rates. As a result, we were only able to determine the collection rate for USCB, DHS' outside collection agency, (approximately 4% on inpatient accounts and 2% on outpatient accounts) and TTC's collection rate (.04%).

The other counties provided the following information on self-pay collection rates:

- Alameda County reported a 4% overall collection rate.
- San Bernardino County reported a 4% collection rate at their Medical Center.
- Maricopa County reported an 8% in-house collection rate and a 5% collection rate by their outside collection agency. Maricopa indicated that its outside collection agency's collection rate has increased recently due to its facilities working more closely with the outside collection agency to provide all available information on the patient. Based on discussions with USCB, DHS facilities generally work closely with USCB to provide all available information.
- San Francisco County reported a 20% overall collection rate. We did not identify any differences in their collection procedures which would explain this high rate.
- Santa Clara County reported a 30% collection rate by their Department of Revenue (similar to the TTC function) and 5% collection rate by their outside collection agency. However, 21% of the collections are from third-party resources on accounts that were previously classified as self-pay.

While there are some differences between DHS' and the other counties' collection practices, it is unclear whether the differences in collection rates are due to the difference in collection practices or other factors. One factor may be DHS' emphasis on qualifying patients for Medi-Cal and their ability to solicit and process Medi-Cal applications from patients in its facilities, unlike other counties where the department of public social services is responsible for these activities. This may result in fewer viable self-pay accounts and more third-party collections by DHS.