

## ANALYSIS

This Ordinance amends Title 11 – Health and Safety – of the Los Angeles County Code by amending Chapter 11.02 and adding Chapter 11.41, Addressing Medical Debt Through Data Collection. The ordinance:

- Clarifies that unless otherwise specified in this Code, Title 11 is applicable in the unincorporated areas of the County and any incorporated city that adopts this Title 11, in whole or in part, into its municipal code by adoption or resolution;
- Authorizes the Department of Public Health to collect and publish data and policies on debt collection and financial assistance activities from hospitals operating in the County of Los Angeles; and
- Establishes that the Department of Public Health has the authority to enforce violations of this ordinance.

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EDI:mac

Requested: 11/8/23  
Revised: 7/26/24

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 11 – Health and Safety – of the Los Angeles County Code, adding an applicability section and authorizing the Department of Public Health to collect and publish data and policies on debt collection and financial assistance activities from hospitals operating in the County of Los Angeles and establishing that the Department of Public Health has the authority to enforce violations of this ordinance.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 11.02.085 is hereby added to read as follows:

**11.02.085            Applicability.**

**11.02.085            Applicability.**

Unless otherwise expressly set forth in this Code, the provisions under Title 11 shall apply only to the unincorporated areas of the County and any incorporated city which adopts this Title 11, in whole or in part, into its municipal code by adoption or resolution.

**SECTION 2.** Chapter 11.41 is hereby added to read as follows:

**CHAPTER 11.41    Addressing Medical Debt Through Data Collection.**

**11.41.010            Title.**

**11.41.015            Declaration of Findings and Purpose.**

**11.41.020            Definitions.**

**11.41.025            Reporting of Data.**

**11.41.030            Administrative Fine for Violation.**

**11.41.035 Department Responsibilities.**

**11.41.040 Enforcement.**

**11.41.045 Severability.**

**11.41.010 Title.**

The Ordinance codified in this Chapter shall be known as "Addressing Medical Debt Through Data Collection."

**11.41.015 Declaration of Findings and Purpose.**

A. The Board of Supervisors finds that medical debt creates a substantial burden in Los Angeles County and that while some individuals may not owe money directly to medical or dental providers, they may have settled these debts by acquiring other forms of debt, such as credit cards, personal bank loans, or loans from relatives and friends.

B. The Board of Supervisors further finds the impact of medical debt is widespread, causing financial, mental, and physical distress for patients, who may have difficulty affording the basic necessities like food and housing and may delay necessary medical treatments, especially when these expenses are not covered by insurance and patients are unaware of or denied financial assistance.

C. The Board of Supervisors further finds that for lower-income patients, even a modest amount of debt can be debilitating.

D. The purpose of this Chapter is to authorize the Department of Public Health to collect and publish data and policies on debt collection and financial assistance activities to increase transparency related to medical debt, authorize the

Department of Public Health to establish rules for reporting the collection of debt and financial assistance data and policies, and give the Department of Public Health enforcement authority for violations of this Chapter.

**11.41.020                      Definitions.**

A.     "Consumer Reporting Agency" means any Person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports.

B.     "Debt" means money owed by a patient for health care services or goods the patient received from a Hospital.

C.     "Debt Data" means information concerning a patient's Debt, including:

1.     Patient name, patient and/or medical record number, date of birth, phone number(s), residence and mailing address, email address, and insurance name and policy number.
2.     Time for which Debt was outstanding.
3.     Original amount of the cost of the service(s) for which the Debt was incurred.
4.     Itemization of all patient payments, insurance or other payor payments, and bill adjustments.

5. Additional information as required by the Department; however, Debt Data will not include a patient's diagnosis or treatment.

D. "Debt Collection" means any act or practice in connection with the collection of Debt from a patient, including but not limited to, the following:

1. The first attempt to contact a patient to seek payment for each separate Debt more than one hundred-eighty (180) days after the initial billing, including, but not limited to, the following communication methods:

- a. Mail;
- b. Email;
- c. Text;
- d. Phone Calls; and
- e. In-person.

2. The sale or assignment of a patient's Debt to a third party.

3. Reporting adverse information about the patient to a Consumer Reporting Agency.

4. Undertaking actions to initiate a civil action, including but not limited to:

- a. Placing a lien on a patient's property;
- b. Attaching or seizing a patient's bank account or any other personal property;

- c. Obtaining an order for examination pursuant to California Code of Civil Procedure section 708.120; or

- d. Garnishing a patient's wages.
- 5. Delaying or denying care based on a Debt.
- E. "Department" means the County of Los Angeles Department of Public Health.
- F. "Financial Assistance" means free or discounted care provided to patients as required by the Hospital Fair Pricing Act and Internal Revenue Service (IRS) regulations (26 C.F.R. Section 1.501(r)-4(b)), or under the Hospital's own policies.
- G. "Hospital" means any facility in the County of Los Angeles licensed by the California Department of Public Health as a general acute care hospital, as defined in Health and Safety Code section 1250(a).
- H. "Patient" means an individual who has received treatment at a Hospital, or the parent or other financially responsible person of that individual.
- I. "Person" means any individual, partnership, corporation, trust, estate, cooperative, association, government or governmental subdivision or agency, or other entity.
- J. "Report" means a written or electronic form containing Debt Data for all Hospital patient Debts.
- K. "Safety Net Hospital" means any Hospital with a low-income percent of seventy (70) or higher as determined by the most recent California Department of Health Care Services Disproportionate Share Hospital Program eligibility list.

**11.41.025 Reporting of Data.**

A. Each Hospital that is not a Safety Net Hospital shall prepare and submit a Report with Debt Data to the Department within thirty (30) days of initiating any Debt Collection.

B. Each Safety Net Hospital shall prepare and submit a Report with Debt Data to the Department within sixty (60) days of initiating any Debt Collection.

C. Each Hospital that is not a Safety Net Hospital shall prepare and submit to the Department a quarterly statement with aggregate Debt Data and Financial Assistance activities, including all offers and agreements of Financial Assistance. The first quarterly statement shall list information from the preceding three (3) months and each subsequent quarterly statement shall include new information for that quarter.

D. Each Safety Net Hospital shall prepare and submit to the Department an annual statement with aggregate Debt Data and Financial Assistance activities, including all offers and agreements of Financial Assistance. The first annual statement shall list information from the preceding twelve (12) months and each subsequent annual statement shall include new information for that year.

E. All Hospitals shall submit to the Department all Hospital policies on Financial Assistance unless already submitted to the California Department of Healthcare Access and Information and resubmit such policies within thirty (30) days following any policy revisions unless already submitted to the California Department of Healthcare Access and Information.

F. After one-hundred eighty (180) days of the effective date of the Ordinance codified in this Chapter, it shall be a violation of this Chapter for any Hospital who fails to submit the Reports required herein.

**11.41.030 Administrative Fine for Violation.**

A. Any Hospital that violates this Chapter may be subject to an administrative fine not to exceed five thousand dollars (\$5,000) per violation pursuant to Chapter 1.25 of this Code. If the violation(s) is not remedied within thirty (30) days of notice from the Department, each violation is doubled, up to ten thousand dollars (\$10,000). After thirty (30) days of non-compliance, each seven-day period thereafter is an additional fine of five thousand dollars (\$5,000) for each violation until the violation is remedied.

B. Any Hospital that violates any provision of this Chapter may be subject to a civil action, including but not limited to, any injunction, in addition to administrative fines.

**11.41.035 Department Responsibilities.**

A. The Department has the authority to establish any rules it determines are necessary or appropriate for the implementation and enforcement of this Chapter. These rules shall be filed with the Executive Officer of the Board and shall become effective immediately upon filing. Hospitals will have sixty (60) days from the issuance of the new rules to become compliant.

B. The Department shall maintain a public website and maintain the following information:



1. Instructions to Hospitals for preparing and submitting Reports and statements to the Department.
2. Aggregate Debt Data.
3. A link to the California Department of Healthcare Access and Information website and any Hospital policies on Financial Assistance, unless already available to the Department through the California Department of Healthcare Access and Information.
4. All rules adopted pursuant to Section 11.41.035.

**11.41.040 Enforcement.**

The Department is responsible for administering and ensuring compliance with this Chapter. If a possible violation of this Chapter is identified, the Hospital will be contacted and required to respond to the Department's inquiry within thirty (30) days from the date of inquiry or be subject to administrative fines as described in Section 11.41.030 of this Chapter.

**11.41.045 Severability.**

If any part of this Chapter is for any reason deemed invalid or unconstitutional by a court of competent jurisdiction, such a decision will not impact the validity of the remaining Chapter. The County of Los Angeles Board of Supervisors hereby declares that it would have adopted this Chapter and every subsection, sentence, clause, or phrase thereof not declared invalid or unconstitutional without regard to whether any one or more subsection, sentence, clause, or phrase would subsequently be declared unconstitutional or invalid.

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