

### **SCOPE/PURPOSE**

To set forth the process for collecting monies owed from patients or other guarantors when account balances remain after the application of all insurance payments, contractual adjustments, and agreed on discount/adjustments.

### **POLICY**

The Hospital will make diligent efforts to collect all charges that are due from insurers according to established industry standards and will seek to apply payments and contractual adjustments on a timely basis to the patient's account. These efforts include billing all available insurance plans according to the payers' requirements and timely follow up of denied claims. Patients or other guarantors will be held responsible for all account balances that remain after application of all insurance payments, contractual adjustments, and agreed on discount/adjustments in accordance with any remittance advice received from the payer. Collection actions may include patient statements, patient letters, telephone contacts and certified final collection notices.

### **PROCEDURE**

1. The Hospital, either directly or through its designated agents, will prepare or mail statements to patients on a regular basis to advise them of balances owed to the Hospital. To the degree possible, the patient will receive a summary of all charges, payments and adjustments included with the initial billing for each date of service.
2. In general, patients should receive three (3) or more statements or letters over the course of a billing cycle that is expected to last 120 days provided that other actions do not occur which indicate that additional billing is inadvisable.
3. A record of all account actions and communications, including bills, is typically reflected in the billing system transaction registers and/or account comments. Staff is required to document all contacts with the patient (or guarantor) in the applicable billing system.
4. Suspension of billing. In certain situations, continued billing and collection activity may be inappropriate and may be suspended or discontinued. Such situations include, but are not limited to: bad address, bankruptcy cases, deceased patient, patient complaint or customer service issue, small balances or pending a charity care or medically indigent determination.
5. Notification of Availability of Financial Assistance. Patient statements will include any notices required by regulations to inform patients of the availability and means to access financial assistance. The language and content of these notices will conform to current EOHHS and IRS 501(r) regulations. Notices regarding the availability of financial assistance will also be included in all other written and verbal patient communications to the degree feasible.
6. Patients Protected from Collection Action. The Hospital will take reasonable steps to ensure that no collection actions, including telephone calls, statements or letters, are initiated for those patient balances that may be exempt from collection action by regulation, including patients determined to be a low income patient by the Office of Medicaid, enrolled in the PA CHIP program, or any individual with income equal to or less than 400% of the FPG. However any amounts associated with these programs considered copay and deductible is considered the patient responsibility. If it is determined that a patient was enrolled in one of those categories then all collection actions (except applicable co-payments and deductibles) with the patient will be closed for services that occurred during the patient's period of eligibility. Collection actions will

also cease for as long as the patient is determined to be Low Income if the balance is from a period when the patient was not enrolled in a qualifying program. The Hospital may continue to send letters requesting information or action by the patient to resolve coverage and/or eligibility issues with a primary payer, Workers Compensation Program or to obtain any Third Party Liability.

7. Final Collection Notice. The Hospital will make reasonable efforts to send each patient a final collection notice prior to the account being written off as bad debt. In most cases, the final collection notice will be included on the guarantor statement.
8. Bad Debt. For those cases where an account is being considered by the Hospital for transfer to the bad debt classification, the Hospital will ensure the following conditions are met:
  - a. The account was subject to continuous collection action for a minimum of 120 days.
  - b. An eligibility inquiry was made to the patient to screen for coverage.
9. Collection Calls and Letters. The Hospital will make reasonable efforts to collect all outstanding balances due to the Hospital. The collection effort expended will vary depending on a number of factors including, but not limited to, the balance of the accounts and the patient's previous collection history. Additional collection efforts may include patient calls, and letters to supplement the routine patient statement process as described in section 10 (B). To the degree possible, these calls and letters will include reminders regarding the availability of financial assistance.
10. Bad Address Returns. The Hospital will make reasonable efforts to track and respond to all patient statements returned by the USPS that are not deliverable. Where possible, accounts will be identified as "Bad Address Accounts" in the billing system, and address information will be verified and corrected using "skip trace" programs that may be available from third parties. Generally, once an account has been flagged as Bad Address, no further statements or letters should be processed unless a new address has been identified. Continued mailing of statements to incorrect addresses is both fiscally inappropriate and could result in a HIPAA privacy breach. Bad Address accounts will be flagged in the Registration system to alert any staff involved in the registration process to obtain a new address from the patient. Accounts whose most recent demographic information contains a Bad Address may be referred to outside agencies as Bad Debt for additional follow up except that potential Emergent Bad Debt accounts will be followed for 120 days prior to placement.
11. Small Balance Adjustment. Recognizing the cost of statement processing and collection activities, the Hospital may suppress statements on accounts below its "small dollar billing" threshold. Similarly, after billing, the Hospital may limit collection and research activity on small balances and adjust accounts below its "small balance write-off" threshold. The typical low balance threshold applies to guarantor account balances of less than \$10.00.
12. Bad Debt Placement. Once internal collection efforts have been exhausted, accounts may be written off to bad debt. This will typically occur after the account has completed its 120 day billing cycle with some exceptions due to bad address or other mitigating circumstances. Accounts in bad debt will generally receive additional collection effort through a number of sources including internal staff and external Collection Agencies. The Hospital will ensure that all follow-up of bad debt, whether by internal staff or an external agency, adheres to the following:
  - a. Credit Reporting. Generally, the Hospital will make no notification to the credit bureau until a collection period of 180 days has occurred. This process is to include internal collection and statement activity of 120 days and then an additional 60 days of collection activities and statements by the Hospital collection agency. At any time the patient requests financial

assistance all referrals to the credit bureau will be suspended and every effort will be made to assist the patient in determining their qualification for the Hospitals' assistance program.

- b. Litigation. The Hospital and its agents may pursue litigation against a patient to secure a court judgment, for debts owed to the Hospital
- c. Collection Agencies. Any agency seeking to collect patient balances on behalf of the Hospital will be required to conform to this Credit and Collection Policy. Any substantive patient complaints will be reported to the Hospital for review and tracking. All agents will fully comply with applicable Federal Fair Debt Collection regulations as well as debt collection regulations that may be in effect at that time.