

CREDIT AND COLLECTION POLICY

PURPOSE

To establish guidance for how patient account balances are pursued and satisfied.

POLICY SCOPE

This policy applies to all Mt. Ascutney Hospital and Health Center (MAH) staff in the credit and collection processes and to all balances billed through MAH.

DEFINITIONS

Collection Agency: A third party who collects balances that are considered in default.

Debtor: One who owes a debt.

Dun Level: The level of communication to a patient in relation to their account receivable. The higher the dun level the closer the balance is to being considered in default.

Default: A balance that has not been paid according to payment terms identified on the statement, has no payment arrangement established, and is moved from active receivable to a collection agency.

Guarantor: The individual designated as the responsible party on a patient's account.

POLICY

MAH routinely attempts to collect the most current guarantor insurance information for a patient and verify coverage. A patient always has the option of paying out of pocket expenses after services are rendered. For any unpaid balances, MAH will issue the billing statement and request payment in full within 30 days. Partial payments are accepted as long as minimum payment expectations are met as outlined in the budget plan procedure. Balances move to collections when they are determined to be uncollectible and at that time they are moved to a collection agency, or collection attorney and are considered in default.

A. Self-Pay Balances

Self-pay balances represent charges that are the responsibility of the guarantor. These include, but are not limited to:

- Balances on accounts for individuals without insurance
- Charges considered as non-covered services as defined by the patient's insurance plan
- Patient convenience items
- Co-payments
- Co-insurance
- Deductible amounts
- Guarantors who bill their own insurance and elect to not make assignment to MAH

B. Transfers to Self-Pay

Balances move to the guarantor and statements are sent only after payments for services have been settled with third party payers, unless the following conditions are met:

- MAH has not been successful with having the claim adjudicated by the payer, despite repeated attempts to seek payment
- MAH has been notified by the third party insurer that the guarantor has not responded to requests for information needed to adjudicate the claim
- The guarantor provided incorrect insurance information

C. Patient Billing Statements

General guidance for the production of statements for hospital and clinic services are as follows:

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- Statements are typically produced on a monthly basis
- All statements are generated at the encounter level, meaning multiple visits or multiple invoices will be listed on multiple statements
- The next statement dates and dunning levels are assigned prior to producing the statement based on payments posted
- To suspend dunning, a minimum payment must be made to an established budget plan. Guarantors who meet the minimum payment requirement on a timely basis will not have the dunning level advance to the next step

D. Collection Agency Referrals

Regulatory requirements mandate no account be transferred to a collection agency less than 120 days from the initial date of service. Collection agencies are not authorized to charge interest on any accounts they are assigned as this would be a violation of federal law. Collection agencies are allowed to report balances due MAH to credit reporting agencies 60 days after placement if there is no resolution of the balance reached during this period.

Accounts will be deemed in default and referred to a collection agency, or collection attorney when one or more of the following circumstances are present:

- Account scoring indicates a low likelihood of collection
- The appropriate number of attempts to reach the debtor by time of day are complete
- The age of the account since pre-collect placement meets **CMS** guidelines
- Status of account doesn't indicate recent activity or any holds
- Deemed uncollectable by a representative during conversation with the debtor
- All other options for resolution are exhausted (charity, insurance, etc.)

Exceptions:

- No estates/deceased patient accounts will be sent to a collection agency if it has been determined there are no assets in the estate
- If we are notified of bankruptcies, these balance are adjusted according to the terms of the order and they are not assigned to a collection agency
- If a patient is involved in protracted litigation and the patient's attorney writes a letter indicating they will protect MAH interest in any action, these accounts will not be sent to collection

E. Account Referral for Legal Action

Legal action can be authorized by the collection attorney when the following occurs:

- Account balance is \$1,000 or more
- The collection agency demonstrates the guarantor has sufficient assets to pay the debt
- The collection agency obtains written approval from the MAH Chief Financial Officer, or their designee, prior to initiation of any legal action

F. Bankruptcy Accounts

Two types of bankruptcy notices are sent by the Bankruptcy Court:

- Notice of commencement of filing
- Discharge/Disallowance of debtor

Notice of commencement is received by MAH. The filing can be either individual or joint and the children are not listed. All family members must be identified and each account must be noted that bankruptcy proceeding have commenced and the date of filing. If any account has been placed with an outside collection agency it must be noted and a copy of the filing sent to them for their records. All charges previous to filing of bankruptcy are included. If charges are in self pay, they need to be changed to the correct legal financial class. If charges are in an agency financial class, they are to be left in that designation.

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When the bankruptcy is finalized, the court will send either a disallowance or a discharge of debtor. In the case of a disallowance we can resume collections. If we receive a discharge we must adjust any balance in the legal or agency financial class. All accounts pertaining to bankruptcy must be noted of the final outcome. The collection agencies also need to be notified and sent any supporting documents.

G. Litigation Claims

MAH will curtail the pursuit of self-pay balances or claim subjugation balances for accounts in litigation upon receipt of a Letter of Protection (LOP) sent by the attorney representing the patient stating the litigant will protect MAH's interest in any subsequent settlement. If the settlement is denied the balances revert back to the guarantor and arrangements for payment are made.

MAH reserves the right to file a lien in liability cases for the interest of the hospital.

EDUCATION

Staff Education

- Staff education regarding the MAH Credit and Collection Policy shall occur during the new employee orientation process and be reinforced as appropriate.

Patient Education

- Educate and involve the patient, family and/or significant other
- Patient and family education shall be documented

COMMUNICATION/REPORTING

- This policy will be implemented and disseminated through the organization and will be published in the organizations Policy Library. Access to this document is open to all.
- It is the responsibility of the departmental managers to ensure all staff working in financial assistance area are aware of this policy.
- Departmental managers are responsible for ensuring staff receives training to support the implementation of this policy.
- Monitoring of staff competence will form part of the individual's annual performance review and where necessary, additional training will be provided.

REFERENCES

- N/A

KEYWORDS

- Collection, Debt, Dun, Guarantor