

POLICY

SUBJECT: Billing and Collecting Patient Liabilities
DEPARTMENT: Finance

BILLING AND COLLECTING PATIENT LIABILITIES

OUTCOME STATEMENT:

The purpose of this policy is to provide guidelines within Bates County Memorial Hospital (BCMh) for billing and collecting amounts due from patients and their guarantors consistent with the mission and values of BCMh.

Bates County Memorial Hospital will provide exceptional health care services to all persons in need regardless of their ability to pay. Each person will be treated as an individual with specific needs for assistance without regard to payment.

Bates County Memorial Hospital embraces its responsibility to serve the communities in which we participate by establishing sound business practices. BCMh's billing and collection practices will be fair and consistently applied.

Bates County Memorial Hospital's normal collection efforts include billing statements and collection calls.

SCOPE:

This Policy applies to services provided by:

- Bates County Memorial Hospital
- Outpatient Specialty Clinics (Provider Based)
 - *Services provided by the following Physicians will be covered for their services provided while at BCMh:*
 - Dr. Timothy Pluard*
 - Dr. James Whitaker*
 - Dr. Aimee Kohn*
- Family Care Clinics of BCMh (Provider Based Rural Health Clinics)
 - Nursery Street
 - Adrian
 - High Street
- BCMh Surgical Clinic

PROCESS:

- I. BCMH will:
 - A. Educate its employees and agents to behave in a manner that reflects the policies and values of BCMH; including treating patients and their families with dignity, respect, and compassion.
 - B. Maintain comprehensive written procedures on billing and collecting amounts due from patients and their guarantors that are consistent with this policy and with applicable laws and regulations.
 - C. Provide patients with prompt access, in a readily understandable format, to charge information for any service provided.
 - D. Appoint contact persons to answer questions from staff and patients about its policies and procedures, and ensure that they have adequate knowledge and the communication skills necessary to fulfill that role.
 - E. Advise patients and their families of the hospital's applicable policies on billing and collection in easily understood terms, in languages commonly used in the community.
 - F. Provide employees who have patient care contact with an orientation to the billing and collection process so that they will be able to direct patients to the appropriate person for response to their questions and requests.
 - G. Make financial counseling available to all patients.
 - H. Provide timely notification of the availability of charity care and financial assistance. (Refer to BCMH's Policy Operations – Financial Assistance (Charity Care))
 - I. Respond promptly to patients' questions and concerns about their bills.
 - J. Pursue outstanding patient liabilities fairly and consistently.
 - K. Ensure that its policies and procedures comply with all applicable state and federal laws.

- II. All accounts with balances due from the patient will receive a statement after discharge or after final adjudication from patient's insurance. Generally, the patient will receive 4 months (120 days) of ordinary collection efforts, which may include placement with early out collection vendors.
- III. For patients who are cooperating in good faith to resolve their Patient Liability, BCMH may offer extended payment plans, and it will not place unpaid accounts with bad debt collection agencies.
- IV. BCMH will pursue collection efforts for a minimum of 16-months. The start date will begin on the date the first bill is sent to the patient, and could include collection efforts from early-out collection agencies, and will end when unpaid balances are returned from bad debt agencies as collection efforts are exhausted. Accounts may be considered uncollectable prior to completion of the 16-month collection period if indigence requirements are met or the account is deemed uncollectable.
- V. BCMH and any contracted vendors will not initiate ECAs for any patient outstanding balance.

Reasonable efforts shall include:

- A. Validating that the patient owes the unpaid bills;
 - B. Determination that BCMH has offered the patient the opportunity to apply for financial assistance within the Notification Period and that the patient has not complied with the hospital's application requirements.
- VI. If after 120 days of ordinary collection efforts, the Patient Liability is still outstanding and the patient has not submitted an application for financial assistance or set up an approved payment plan, BCMH may place the account with a bad debt agency as described below under Bad Debt Placements.

VII. Small Balance Adjustments:

Balances under \$10.00 will be adjusted off using the small balance write-off adjustment code. This does not include balances reduced through regular patient payments.

VIII. Bad Debt Placements:

The unpaid patient balance will be placed with the bad debt collection agency after the patient has received at least 120 days of early-out collection efforts and the account is not on an approved payment plan or in good standing. Accounts with consistent monthly payments in the last 45 days will be reviewed prior to being sent for bad debt placement. This review will include notification to the

patient to prompt them to establish an approved payment plan or pay the balance in full. If the patient fails to respond and does not meet BCMH's guidelines for payment, the account may be sent for bad debt placement.

After 6 months of collection efforts, the bad debt collection agency will return all accounts not making established payment arrangements to the hospital as efforts exhausted. The bad debt agency will return the accounts using the approved "return code" which will identify the account in BCMH's system as bad debt uncollectible.

BCMh may utilize a 2nd placement bad debt collection agency after 6 months of collections efforts by the primary placement bad debt collection agency.

IX. Reconciliations:

The inventory of accounts placed with an Outside Agency/Vendor will be reconciled on a monthly basis by Patient Business Services – Business Support Services.

X. Overpayments:

In the event that a patient account results in an overpayment, the credit balance will be redistributed to any account with a patient balance. If there are no accounts with a patient liability the credit balance will be refunded to the patient for amounts greater than five dollars.

XII. Outside Agencies

Each entity is responsible for performing due diligence when contracting to outsource billing and collection of patient accounts. The written agreement must specify that the contracting agent has the duty to:

- A. Comply with all applicable state and federal laws.
- B. Comply with the Association of Credit and Collection Professional's Code of Ethics and Professional Responsibility.
- C. Comply with all applicable portions of this policy and the policies of the entity.
- D. Report, in a mutually agreed upon format, on the collection activity on all open accounts assigned no less than monthly, including collections.
- E. Return accounts that it has closed with report on the reason for closing.

POLICY HISTORY:

Department of origin: Finance

Effective date of policy: 7/26/16

Revision date: _____ by: _____ Reason: _____

Review date: _____ by: _____