



Policy/Procedure Title	BAD DEBT POLICY AND PROCEDURE			Policy #	
Manual Location(s)	Business Office Manual	Effective		Page	Page 1 of 4
Department Generating Policy	Patient Financial Services				
Affected Departments	All Departments				
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Governing Board	Judith Cooper	Date/Title	5.4.2017, Governing Board Chair		

I. PURPOSE

The following policy and procedure is to be followed for billing and collecting of patient accounts. The purpose of the procedure is to establish a system whereby we will have constant knowledge of each account. It will provide a step by step procedure that will maintain constant contact with the responsible party for discharge through complete payment of the account, write-off, or charge-off.

II. PROCEDURE

A. Billing

1. In order to maintain familiarity and understanding of the patient's account, each Business Associate is assigned a financial class. The Business Associate follows the account from billing through the final settlement of the account.
2. Itemized Bills: Sent to insurance, worker's compensation, and private pay patients, upon request.
 - a. If the patient has insurance coverage, the designated Business Associate will submit each claim to the patient's insurance company, either by electronic submission or by mail.
 - b. If the patient is classified Private Pay, a first time summary bill will be mailed to the patient or their guarantor within 10-14 days after discharge of an outpatient/emergency room visit. The first time bill states their responsibility. An itemized bill is sent upon request.
3. Monthly Statement: Sent on a cycle basis. This procedure is repeated approximately every thirty (30) days or on a monthly basis until the account is paid, considered uncollectible, sent to early out, or written off.

B. Collection

1. Prior to Discharge: Every admission to the hospital must have the responsible party sign a "Statement of Financial Responsibility".
2. Upon Inpatient or Discharge of Outpatient: With outpatient charges, attempt to collect copays, deductibles, coinsurances. It is better to over-collect and refund than to be left with an uncollectible account.

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3. After Discharge or Outpatient Charges: Follow the billing procedure first with the patient bills, then with the monthly statements as follows:

a. Patient Accounts with No Insurance Coverage - After following the billing procedure with accounts where there was no payment or other action, each step is noted by the Business Associate starting here:

- (1) 1st Monthly Statement- Approximately 30 days - send statement.
- (2) 2nd Monthly Statement- Approximately 60 days- send statement with appropriate message.
- (3) 3rd Monthly Statement- Approximately 90 days- send statement with appropriate message.
- (4) The Early Out program will work the account from the first statement until the account is deemed uncollectible. If Early Out is unsuccessful in setting up an acceptable payment plan, the account will be presented back to the hospital for approval of collection write-off.
- (5) Accounts are listed for Collection Write-Off- The report lists the patient's account number, name, date of write-off, and amount of write-off.
- (6) The report is presented to the Chief Executive Officer, Chief Financial Officer, and Board of Directors for approval at the next Board meeting.

b. Patient Accounts with Insurance Coverage, if Insurance Pays and there is a Balance Due:

- (1) 1st Monthly Statement shows the total amount of the bill, how much the insurance paid, and the balance due from the patient.
- (2) 2nd Monthly Statement (if there is no payment received) is sent out with balance due. All action taken from this point on is noted by the Business Associate.
- (3) 3rd Monthly Statement (if there is no payment received) is sent out with balance due.
- (4) The Early Out program will work the account from the first statement until deemed uncollectible. If Early Out is unsuccessful in setting up an acceptable payment plan, the account will be presented back to the hospital for approval of collection write-off.
- (5) Accounts are listed for Collection Write-Off- The report lists the patient's account number, name, date of write-off, and amount of write-off.
- (6) The report is presented to the Chief Executive Officer, Chief Financial Officer, and Board of Directors for approval at the next Board meeting.

4. On an ongoing basis, Business Associates will monitor patients who consistently do not pay their bills and yet are regularly visiting the hospital. The Business Associates will keep the Business Office Manager apprised of problem situations. The Business Office Manager will be responsible for informing appropriate persons.

C. Financial Arrangements - Credit Policy

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1. Financial Arrangements – Following is a guide for establishment of a payment schedule for accounts.

<u>Amount Owed</u>	<u>Minimum Payment</u>	<u>Max Months</u>
<250	\$25	6
\$251-\$500	\$50	7
\$501-\$1000	\$85	12
\$1001- \$5000	\$100	18
\$5001 or greater	\$200	24

If patient fails to follow through on their monthly payment agreement: each step taken is noted by the Business Associate.

- a. 1st Monthly Statement - Business Associate will remind the patient that regular monthly payments are necessary.
- b. If no payment is received, account is sent to Early Out program.

2. General Credit Policy--Try to get the responsible party to agree to a specific payment plan. If patient states no payment can be made at this time, allow one (1) to three (3) months grace, depending on the situation. Patient must contact us at that time to inform us of the status.

3. Community Free Care- A patient can apply for community free care. See Criteria and Plan of Action for Charity Care Policy.

D. Write-Off Procedure - Accounts reviewed by the Business Associate, Business Office Director, or Chief Executive Officer that are deemed uncollectible are reported as follows; reviewed by the Chief Financial Officer and Business Office Director; and then presented to the Board of Directors for approval every month.

1. Accounts to be written off to the Collection Agency, Complete and Final Write-Offs (Plain), Bankruptcy, and Community Free Care Write-Offs are listed separately.
2. The report lists the patient's account number, name, date of write-off, and amount to be written off, as well as the type of write-off.
3. The Patient Accounts Manager shall note on each patient billing the amount written off, date of write-off, and type of write-off.
4. These written-off accounts will be segregated in files listed under "Free Care", "Plain" (Complete), and "Collection" Write-Offs.

E. Other Items

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1. Record insurance rejections, effective dates of bankruptcy, and patient agreements-to-pay in the computer under the patient's account. Each entry is dated and initialed by the individual concerned with the action taken.
2. Check accounts in computer by Guarantor including Collection Write-Offs before signing a receipt "Paid in Full" or accepting a check marked "Paid in Full".
3. The Hospital will make a reasonable attempt to collect deductibles and copayments from all patients.
4. Business Associates will track claim denials on a report and submit monthly to the Business Office Director. Denials will be sorted by reason, biller, and department. Supporting documentation will be given to the Business Office Director. The Business Office Director will review accounts prior to write-off.

Note: Any special deviations from this procedure should be brought to the attention of the Patients Account Manager, Business Office Manager, Chief Financial Officer, or Chief Executive Officer.

ATTACHMENT (S)

- Payment Arrangement Guidelines
- Charity Application Decision Letter
- Charity Care Discount
- Charity Care Application

REFERENCE (S)

- None

Original Effective Date:	5/4/2017				
Reviewed and/or Revised Dates					
	1st	2nd	3rd	4th	5th
Review Date:					
Revised Date:					
Supersedes:					
By:					