



## EISENHOWER MEDICAL CENTER

EISENHOWER MEDICAL CENTER Patient Financial Services Department	
<b>Title: Bad Debt Account Review</b>	Date: 10/01/2014 Updated: 02/07/2025

**PURPOSE:** To provide clear directives for Eisenhower Medical Center facilities to conduct billing and collections functions in a manner that complies with applicable laws. Establish the guidelines for collection of monies owed for visits and the identification of bad debt account referral.

**Department:** Customer Service

**POLICY:** It is the policy of Eisenhower Health to bill patients and applicable third-party payers accurately, timely and consistent with applicable laws and regulations, including, without limitation, California Health and Safety Code regulations and any regulation issued by the United States Department of the Treasury under section 501(r) of the Internal Revenue Code.

**SCOPE:** This policy applies to all hospitals, clinics, labs and urgent cares that fall under the umbrella of Eisenhower Medical Center. This policy also applies to any collection agency working on behalf of Eisenhower. Unless otherwise specified, this policy does not apply to physicians or other medical providers, including emergency room physicians, anesthesiologists, radiologists, hospitalists, pathologists, etc., whose services are not included in Eisenhower's bill. This policy does not create an obligation for Eisenhower to pay for such physicians' or other medical providers' services.

**Financial Assistance:** Eisenhower Medical Center is committed to providing access to financial assistance programs for uninsured or underinsured patients who may need help in paying their healthcare service bill. These programs include government-sponsored coverage programs, Charity Care, and Discount Payment.

Patients at or below 400% of the federal poverty level with "high medical costs" may be eligible for Charity Care or Discount Payment. "High medical costs" is defined as annual out-of-pocket costs at Eisenhower Medical Center that exceed the lesser of 10% of the patient's current family income or family income in the prior 6 months, as described in Assembly Bill 1020.

Any information obtained from income tax returns or paystubs collected for the Charity Care or Discount Payment eligibility determinations cannot be used for the purposes of debt collection.

**Payment Plan:** An extended payment plan will be offered on any outstanding balance or when a patient does not qualify for financial assistance or patient qualifies for partial financial assistance. The patient shall have the option to pay any or all outstanding amount(s) due in one lump sum payment, or through a scheduled term payment plan. EMC will offer the patient a reasonable extended payment plan that does not exceed 10% of the patient's family income for one month, excluding deductions for essential living expenses. A payment calculator will be utilized by internal and outside vendors as a way to validate the exclusions mentioned above.

**CarePayment:** All accounts that have received no correspondence from the patient or guarantor within 90 days from the date the account became self-pay (patient's responsibility) will automatically roll to CarePayment. The account will then be paid in the Eisenhower system by CarePayment, and the patient will be responsible for paying the balance owed to CarePayment.

1. No interest or fees will be incurred for accounts enrolled in the CarePayment program unless the patient is in default.
2. The patient has the option to opt out of the CarePayment program prior to CarePayment's payment of the Eisenhower account.
3. If the patient opts out of the CarePayment program, the outstanding balance must be paid within 180 days of the date the balance became Self-Pay.
4. If a patient defaults on the account assigned to CarePayment, the account will automatically roll to bad debt.

**Bad Debt Qualification:** All outstanding balances will be kept in house for a total of at least 180 days based on patient cooperation. Thereafter, all balances will be deemed delinquent and possess a status of bad debt 181 days from the date the balance became Self-Pay. These accounts will potentially be sent to a designated outside collection agency in a final attempt to collect on any outstanding balances. The final criteria must be met before an account is deemed Bad debt and outsourced to the collection agency.

1. The account will have aged for at least 180 days.
2. The account cannot have had a payment within 45 days from eligibility review date.
3. The account must have had the final notice sent 30+ days from eligibility review date.
4. The account must have received 3 statements from the statement report.
5. The account must have received a minimum of 1 telephone contact attempts within the last 90 days.

6. All account notes must be reviewed to determine appropriateness of bad debt assignment.
7. The account must have no unbilled insurance or incorrect adjustments that need to be resolved.
8. Any account with financial assistance references will be sent to PFS Manager for review - these will be determined on an individual basis.
9. Statement vendor monthly reporting will be reviewed to make sure that statements have gone out correctly and in a timely manner.
10. An account may be prelisted for bad debt assignment manually if the Business Office receives returned mail from the address on the patient's account.
11. The account will be screened through Experian's propensity to pay software during prelisting to ensure the patient has the financial ability to rectify the balance.
12. If at any time an account is sent to bad debt in error, the account will be brought back in-house, and any negative credit reporting rectified.

**Per Assembly Bill 1020**, before assigning a bill to collections, or selling patient debt to a debt buyer, we must send the patient a notice with all of the following information:

- The date or dates of service of the bill that is being assigned to collections or sold;
- The name of the entity the bill is being assigned to or sold;
- A statement informing the patient how to obtain an itemized bill from Eisenhower Medical Center;
- The name and plan type of the health coverage for the patient on record with Eisenhower at the time of services or a statement that we do not have that information;
- An application for Eisenhower's charity care and financial assistance;
- The date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made.

Under the guidance of Patient Financial Services Management, all accounts assigned to bad debt are handled by our third-party vendor Professional Credit Services (PCS). All

correspondence and payments must be made to PCS once the account has been assigned to bad debt.