

SUBJECT: BAD DEBT WRITE OFF	REFERENCE #0009
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DEPARTMENT: BUSINESS OFFICE	EFFECTIVE: 01/01/2024

POLICY

It is the policy of Modoc Medical Center (MMC) to consider patient accounts as bad debt when the Business Office has exhausted all means available to collect the receivable. These accounts are then sent to an outside collection agency.

PROCEDURE

A patient account is considered bad debt after three monthly statements and at least two patient phone calls have been made to attempt collection, with no response. Alternatively, if Business Office staff is unable to locate a patient after reasonable efforts are made to obtain a correct address for a patient, the account is then considered bad debt.

Prior to writing off an account to bad debt, the account should be completely investigated to verify accuracy of patient responsibility versus insurance responsibility, as well as to identify any billing errors that may have occurred. Prior to commencing collection activities, the hospital shall provide the following written statement to the patient:

- State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov. Nonprofit credit counseling services may be available in your area.

For any account belonging to an employee of Modoc Medical Center that is confirmed for a bad debt transfer, the Patient Financial Counselor will contact that employee to offer a final payment agreement, including the offer of establishing deductions through payroll to pay down the outstanding balance. If the employee is unwilling to agree to payment arrangements, Business Office staff will commence a small claims suit against said employee in order to obtain a withholding order against that employee's pay.

The outsourced business office lead will provide the Revenue Cycle Director or Chief Operations Officer (COO) a listing of all account transfers to bad debt prior to adjustment, for approval. Any decision to obtain a judgment through small claims to secure amounts owed to Modoc Medical Center will be approved by the COO.

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The collection agency should be sent copies of all pertinent information on the patient's financial demographics and collection attempts made by the Business Office. The originals of all documentation sent should be kept on file in the Business Office. Patient debt is advanced for collection under the authority of the Revenue Cycle Director or COO.

Lawsuits recommended by the collection agency may be initiated only through express written authorization of the Chief Executive Officer (CEO) or COO.

Information obtained from income tax returns, paystubs, or the monetary asset documentation collected for the discount payment or charity care eligibility determinations cannot be used for collection activities.