Section:	Self-Pay Collections & Follow-Up	Effective Date: 11/1/09
Subject:	General Guidelines	Revision Date:
Policy #		Revision #:

Purpose:

The purpose of this policy is to establish consistent and appropriate practices with respect to collections and follow-up. It is important to note that the majority of our managed care contracts as well as federal programs require us to attempt to collect all applicable self-pay liabilities.

Policy:

It is the policy of Signature Healthcare Services to collect all appropriate self-pay liabilities as expeditiously as possible through the use of the following procedures:

- All self-pay liabilities (estimated or actual) are to be paid prior to discharge unless the financial counseling process determines that the patient/guarantor is either entitled to a discount or unable to pay the full amount.
- Payment arrangements cannot exceed 18 months.
- For balances greater than $500.00, follow-up should be performed every 21 working days. Balance less than $500.00 should receive follow-up every 30 working days.
- Patient statements are to be sent out each month. Do not place on a statement on hold unless there is a valid dispute regarding the bill.
- All follow-up activity must be documented clearly in the patient accounting notes.
- Follow-up **must** be a combination of telephone calls and statements/collections notices.
- Accounts that do not have suitable payment arrangements after 90 days should be placed with the appropriate collection agency.
- All payment arrangements must be in writing.
- Prompt payments may be offered as an alternative (refer to policy x-xxx).

Section:	**Self-Pay Collections & Follow-Up**	**Effective Date: 11/1/09**
Subject:	**Prompt Pay Discounts**	**Revision Date:**
Policy #		**Revision #:**

Purpose:

The purpose of this policy is to provide a uniform and consistent approach for use of the prompt-pay discounts as a collection tool. Since Signature Healthcare Services does not charge interest on payment arrangements, prompt pay discounts can not only be effective but financially prudent based on the time value of money concept. However, offering prompt pay discounts which are considered excessive can jeopardize your relationship with various payers including managed care plans.

Policy:

It is the policy of Signature Healthcare Services to offer prompt pay discounts under certain circumstances. The following guidelines must be adhered to when considering the use of prompt pay discounts as a collection tool:

- Prompt pay discounts should not exceed 25%.
- This type of discount can only be offered to patients/guarantors after discharge.
- Federal programs (Medicare and Medi-Cal) are exempt from this policy. No discounts are to be granted.
- All prompt pay discounts must be for payment in full.

Section:	Self-Pay Collections & Follow-Up	Effective Date: 11/1/09
Subject:	Bad Debt Write-Offs	Revision Date:
Policy #		Revision #:

Purpose:

The purpose of this policy is to establish procedures for the proper recognition and processing of bad debts.

Policy:

It is the policy of Signature Healthcare Services to recognize and write-off bad debts in a timely and appropriate manner: Since bad debts represent a significant expense to Signature Healthcare Services, the following procedures **must** be adhered to:

- A patient account is considered to be a bad debt and ceases to be an asset for the facility when the following criteria are met:

    - Reasonable collection efforts have been made. Acceptable collection efforts are:
        - Three (3) attempts to collect
        - The three (3) attempts to collect can be statements/collection letters, collection phone calls or a combination of both.
            - If less than three (3) attempts are made, the reason should be documented in the collection notes (returned mail, no phone, etc.).
        - 120 days have elapsed from the date the first statement/collection letter is mailed to the patient/guarantor

    - The debt was actually uncollectible when claimed as worthless.
        - If the patient account has been placed with an outside collection agency, the account **cannot** be claimed as worthless until the account has been closed by the outside collection agency.
        - The cancellation by the outside agency **must** be in writing and documented in patient accounting collection notes.

    - Sound business judgment established that there was no likelihood of recovery at any time in the future.

- Accounts which are identified as bad debts must be written off the accounts receivable immediately upon being identified as uncollectible.

- Each account should be reviewed to ensure that the write-off amount is appropriate.

- A review of the documented collection efforts **must** be performed to ensure that reasonable collection efforts have been made.

- A decision on whether or not to place the account with an outside collection agency **must** be made and documented in the patient accounting collection notes.

Section:	**Self-Pay Collections & Follow-Up**	**Effective Date: 11/1/09**
Subject:	**Medicare Bad Debts**	**Revision Date:**
Policy #		**Revision #:**

Definition:

For Medicare reimbursement purposes, the term "bad debt" represents reimbursable dollars attributable to a Medicare beneficiary's failure to pay their appropriate **co-insurance** and **deductible** amounts for covered services only.

If a beneficiary does not pay for services which are **not covered by Medicare**, the bad debts attributable to these services are **not reimbursable under the Medicare program**. Likewise, bad debts arising from services to non-Medicare patients are not reimbursable under the program.

Purpose:

The purpose of this policy is to establish procedures to ensure that Medicare bad debts are processed in accordance with CMS regulations and therefore considered reimbursable under the Medicare program.

Policy:

It is the policy of Signature Healthcare Services to adhere to all CMS regulations governing the reimbursement of Medicare bad debts. To date, these regulations have prompted the following procedures:

- Collection efforts on Medicare deductible and co-insurance amounts **must** be comparable to non-Medicare patients. This includes sending statements/collection letters and collection telephone calls.

- Medicare accounts **must** be sent to an outside collection agency, if the facility routinely utilizes these vendors for non-Medicare accounts.

- Documentation is required regarding collection efforts on Medicare accounts. This documentation **must** include evidence of final bill, patient statements/collection letters, telephone attempts/contacts, confirmation that an account has been place with an outside collection agency and **confirmation that the outside collection agency has closed the account and ceased all collection efforts**.

- No Medicare account can be written-off before 120 days has expired from the date request for payments of the appropriate deductible or co-insurance amount is made, unless proof of indigence is established.

- A Medicare account can be written-off before 120 days if the beneficiary is determined to be indigent.
  - Indigence can only be established if the beneficiary is eligible for Medi-Cal.
  - The account **must** be billed to Medi-Cal for payment or denial.
  - Proof of billing and partial payment or denial (Medi-Cal RA) **must** be included with the collection efforts documentation.