COLLEGE MEDICAL CENTER

MANUAL: Business Office	POLICY #: CMC/BO 800
SUBJECT: **Bad Debt for Discharge Uncollectible Patient Balances.**	EFFECTIVE: 05/08/2024
APPROVALS: Chief Financial Office	REVISED: 09/2026
	REVIEWED: 05/13/2024

I. Policy

a. College Medical Center is committed to providing high quality medical care while maintaining a transparent, fair, and equitable billing process. This policy establishes guidelines to follow to ensure the appropriate processing of uncollectible patient balances in compliance with all applicable state and federal laws governing healthcare billing practices.

II. Definitions

a. Bad Debt- Bad debts are amounts considered to be uncollectible from accounts when it cannot obtain reimbursement for care provided. This happens when patients are unable to pay their bills, but do not apply for charity care, or are unwilling to pay their bills. Uncompensated care excludes other unfunded costs of care, such as underpayment from Medicare and Medi-Cal.

b. Deductible and Co-insurance Amounts- Deductible and co-insurance amounts are amounts payable by patients for covered services, excluding medical and surgical expenses rendered by physicians and surgeons.

c. Guarantor- The person legally responsible for the payment of the payment liability.

d. Non-collectable (Presumption of Non-collectability)- If after reasonable and customary attempts to collect a bill, the debt remains unpaid after a minimum of 120 days from the date the first bill is mailed to the beneficiary with no likelihood of recovery at any time in the future, the debt may be deemed uncollectible.

e. Extraordinary Collections Activities- Collection actions that require legal process such as liens, levies, foreclosures, garnishments.

III. STANDARDS AND PRACTICES

Collection Process

1. Once a balance has been identified as a patient responsibility, the account will be adjusted to accurately reflect the amount due. This will be accomplished by moving amount due to the PATIENT RESPONSIBILITY FIELD.
2. A minimum of two data mailers/statements will be sent to the guarantor notifying them that the balance of the account due. The Business Office System will automatically document in the patient comments field the date the letter was sent. An exception to this step is the first data mailer is returned as a bad address or undeliverable. If the 1st data mailer is returned and the Business Office attempts to contact the patient are not successful, then the account will be forwarded to Collections.
3. After reasonable and customary collection efforts including but not limited to statements, letters, and efforts to contact by phone have been made and the patient liability remains outstanding, the Business Office Director or Manager will process the account for referral to an outside Collection Agency. The facility will maintain their internal policy for processing patient accounts (i.e. signature authority, minimum balance) to be sent to outside Collection Agencies.
4. Once assigned, the Collection Agency will continue the collection efforts for the facility by using reasonable and customary collections efforts to receive payment for the patient liability.
5. Patients will be informed of the College Medical Center Financial Assistance Policy at admission and in any written or oral communication regarding their bill. College Medical Center will make reasonable efforts to determine if the individual is eligible under the College Medical Center Financial Assistance Policy. Information obtained to determine financial assistance from income tax returns, pay stubs cannot be used for collection activities. College Medical Center will not engage in any extraordinary collection actions.
6. The Collection Agency will continue collections efforts on all assigned accounts. Once the Collection Agency deems that account to be uncollectable, the Collection Agency will cease collections efforts.

7. On a monthly basis, the Collection Agency will send one report identifying those accounts where collection efforts have ceased.
8. Upon receipt of the returned accounts, the following should occur:
   a. Accounts will remain in Bad Debt status.
   b. The BD code or other account coding method indicating that collection efforts have ceased will be posted to the account with a zero payment to identify the account as being uncollectible and the post date will indicate when the account was returned.