CCHS - ccLink Hospital Billing Policy	Bad Debt Write-Off Workflow
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BACKGROUND INFORMATION AND DEFINITIONS

Self-pay account balances (all monies in self pay bucket) are written off to bad debt and sent to a collection agency either automatically based on system action rules or manually as determined by the self-pay collectors. The collectors document their collection efforts and notes on the account using Account Activities and free-form text.

WORKFLOW PROCESS

Below is the process for sending accounts to bad debt based on the different reasons. See exclusions at end of this section.

Bankruptcy Confirmed

No goodbye letter

When bankruptcy is confirmed, the user adds Account Activity *173-Bankruptcy* to the account and the account is automatically sent to bad debt with an agency code – "**Rash Curtis-Bankruptcy"**

Patient/Guarantor Deceased

No goodbye letter

When a guarantor is confirmed as deceased, the user updates the Guarantor Status to Deceased and the account is automatically sent to bad debt with Agency - **"Rash Curtis-Deceased".** The same thing occurs for when a patient is flagged as deceased and the guarantor is set to SELF. The account is sent to bad debt so a lien can be placed. M/Cal Pending and BHC Pending patients that are deceased are sent as well.

Payment Plan Requested

No goodbye letter

When the patient requests to be set-up on a payment plan, the user adds *Account Activity 132-Payment Management Request* is added to the account. If the full self-pay balance is < $5,000, the account is automatically sent to bad debt with Agency - **"Rash Curtis-Time Payments."** Otherwise, the account is set to a Supervisor WQ (201) for approval and sending to B/D. This bad debt reason is used to that RCA does not report the debt to the credit reporting agencies.

Returned Mail

Goodbye letter

When returned mail is processed and no better address is found, the user updates the Guarantor Status to Returned Mail. As long as the account is not Pending Medi-Cal and the full self-pay balance is < $5,000, the account is automatically sent to bad debt with Agency - **"Rash Curtis-Returned Mail."** Otherwise, the account is set to a Supervisor WQ (201) for approval and sending to B/D.

Uncollectable/True Collections

Active self-pay accounts are included on the guarantor's monthly statement a minimum of 4 times. Guarantor statements are sent every 30 days as long as there is an active self-pay account to bill.

Self-Pay Cycle is Complete

When the patient has completed the self-pay cycle and received their final (4th) notice, accounts are sent to bad debt either automatically by the system or after review by collectors/supervisors. Medi-Cal Pending and BHC Pending are excluded as we first confirm coverage has not been granted and then we remove the coverage and change to self-pay prior to writing off to bad debt.

Balance < $2,000

Goodbye letter

When the account has completed the self-pay statement cycle and the 4th/final statement has been sent, the account is automatically sent to bad debt by the system without intervention by the collector or supervisor. For Medicare patients, the account is sent 30 days following the date of the 4th (final) statement. All other accounts it is 20 days.

Balance > $2,000

Goodbye letter

These accounts are sent to the collector work queues after the 1st statement has been sent so they may follow-up with the patient throughout the self- pay cycle. The accounts are tickled for subsequent follow-up based on the account activity. Once the patient has received their 4th and final statement, the collector adds Account Activity *232-Approved for Bad Debt* to the account and the system automatically sends the account to bad debt if the balance is < $5000 or to a supervisor WQ (201) for approval if the balance is >=$5,000. . For Medicare patients, the approved accounts are sent 30 days following the date of the 4th (final) statement. All other accounts it is 20 days

Uncollectable/True Collections – Self Pay Cycle is NOT Complete

In cases where the collector wants to send an account *immediately* to bad debt and prior to the completion of the self-pay cycle (and the patient does not meet one of the reasons outlined above):

Balance < $2,000

Goodbye letter

Account Activity *295-Send to Bad Debt (Collector)* is added and the collector enters the bad debt information so the account is immediately sent to bad debt. This activity is enabled only for accounts with a balance < 2000

Balance >= $2,000

Goodbye letter

The collector must manually transfer the account to the Supervisor WQ (201) with notes indicating why they want to send the account to bad debt prior to the completion of the self-pay cycle. The supervisor will review and approve for bad debt as appropriate.

Supervisor Approval WQ 201

Accounts are sent to the Supervisor Approval WQ (201) either automatically by the system based on collector activities or accounts may be manually sent to the WQ by the collector. Either way, the supervisor reviews the account notes and activity and determines whether to approve the account for write-off to bad debt. For approvals, the supervisor adds Account

Activity *196-Supervisor Approved for B/D* to the account which prompts the supervisor to send the account to bad debt by entering in the bad debt agency information. Otherwise, supervisor may transfer the account back to the collector WQ for further follow-up.

Stale/Uncollectable Accounts at Bad Debt Agency

After the agency has determined that an old bad debt account is "stale" (uncollectable), the account will be closed in RCA with a status of CWO and the CCHS bad debt receivables is reduced by writing off the account balance. A 5018-Uncollectable Account Adjustment is posted to the B/D account in ccLink and the patient's debt will remain outstanding at the credit bureau. This is done on a periodic basis in a batch mode (interface file) based on the agency's schedule.

BAD DEBT EXCLUSIONS

The following accounts are excluded from a*utomatic* Bad Debt Write-Off (System Action Rules) and staff is trained to look for these indicators as well before manually writing off to bad debt:

- Billing Indicator one of:
  - First Source Referred
  - First Source Accepted
  - Legal/Litigation
  - Crime Victim
  - Resident as Attending (we Write-Off Balance instead)
  - Biller to Control S/P BD W/Off – Ins Follow-Up Required
    - In some cases, the biller may decide to transfer the insurance balance to the self-pay bucket to start the guarantor statement process so they are informed of the uncollected balance and to engage them in the insurance collection effort. The account is returned to the Insurance Follow-Up WQ after the 2nd statement is sent. The biller will remove the billing indicator when they are finished working the account. This causes the account to resume the normal self-pay cycle and be sent to bad debt when appropriate.
- Account Class of Inpatient Psychiatric, Psych Emergency Room, Outpatient Psychiatric
- Guarantor Type of:
  - Inmate
  - Sensitive Services
- Primary Plan one of:
  - Victims of Crime
  - Homeless Van Coverage
  - SART
  - Interdepartmental (Jail, Public Health, Misc)
  - OB Contract – these are MANUALLY sent to bad debt

INTERFACE TO COLLECTION AGENCY

The system is configured to automatically create an interface file to send to the collection agency when accounts are written off to bad debt or recalled from bad debt. The information in the file is uploaded to the agency's system to assist them with further collection efforts.

GENERAL LEDGER TRANSACTIONS

The bad debt write-off transactions are passed to the General Ledger based on the account numbers associated with the transaction as defined in the GL Interface configuration.

SYSTEM BUILD – SYSTEM ACTION RULE LOGIC FOR AUTOMATIC BAD DEBT WRITE-OFFS

Uncollectable/True Collections < $2,000 (Automatic Write-Offs)

- Non-Medicare accounts are assigned to Agency "**Rash Curtis-True Collections**"
    - Primary CVG is *not a Pending Coverage*
    - (Self Pay Follow-Up Level = 4 and last statement date **> 20 days**) or (Self Pay Follow-Up Level =>5) or (Total Stmts >6)
    - Last patient payment > 30 days ago (this allows time for staff to make a courtesy call to patients to discuss payment arrangements since it appears they are attempting to resolve their balance. These accounts are in WQ 464)
- Medicare accounts are assigned to Agency **"Rash Curtis-Medicare Collections"**
    - Secondary or Tertiary CVG is *not a Pending Coverage*
    - (Self Pay Follow-Up Level = 4 and last statement date > **30 days**) or (Self Pay Follow-Up Level =>5) or (Total Stmts >6)
    - Last patient payment > 30 days ago (this allows time for our staff to make a courtesy call to patients to discuss payment arrangements since it appears they are attempting to resolve their balance. These accounts are in WQ 464)

Uncollectable/True Collections $2,000 – $5,000 (Collector Approval Required)

- Accounts go to Collector WQ after 1st statement sent and balance > $2,000. Manual Follow-up thereafter (via tickler)
- When collector determines account should go to B/D, they add Account Activity 232 (Approved for B/D) which qualifies accounts for automatic write-off during midnight processing. Note: Collector can force Final Notice message to be sent on next statement by using Account Activity 93 (Change Self pay F/U Level) and setting SP F/U level to 3.

Uncollectable >$5,000 (Supervisor Approval and Write-Off Required)

- Collectors work from WQs per above (< $2,000), however, accounts approved by collector that are > $5,000 are sent to a supervisor WQ for a 2nd approval.
- Supervisor reviews accounts and uses Activity Code 196 (Supervisor Approved for B/D), prompting for *manual* write-off to bad debt

RCA Legal counsel provided a brief summary of the "Deceased" process:

Deceased process overview:

- Upon determination or notification that patient is deceased we will:
    - Determine where patient was living at the time of death as well as previous residences outside of county of death

- Conduct a probate search in the appropriate county(ies) to locate the existence of the following
  - Attempt to determine if a Will exists
    - Codicils to the Will
    - Determine Executor or Probate Administrator
    - Probate of the Will
    - Estate inventory including real property
  - The probate search will continue for a number of months to allow time for filing
- File a Creditor Claim in the superior court in the county in which the probate was filed and serve the claim to the estate Executor, Administrator or other personal representative of the estate of the decedent
- If allowed by client – conduct a search for real property for consideration of lien filing if probate was not opened and there is no living spouse.
- Determine if there is a living spouse
  - Contact the spouse regarding the account balance in a gentle, respectful fashion

- If it is determined that there isn't a living spouse and probate was not opened we will update the account with the appropriate status of Deceased, no Estate