

 Credit & Collections Oroville Hospital	Manual: Patient Financial Services
	Section: Credit & Collections
	Issued by: Patient Financial Services
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Collections of Accounts Receivable and Bad Debt Write Off Procedures

I- Purpose

Oroville Hospital is a not-for-profit corporation dedicated to serving Oroville and surrounding foothill communities with a full range of healthcare from prevention through treatment to wellness. To fulfill the overall Hospital financial objectives, it is necessary to define the procedure and practice involved in the collection of payment from patients and their insurers. This procedure also describes the identification process of bad debt account and the process to transfer of accounts from active Accounts Receivable to the bad debt receivables file.

II- Procedure

Oroville Hospital will process patient accounts fairly and consistently. Internal and external resources will be employed to collect all accounts due from patients and their insurers. Efforts will be made to assist all patients who may qualify for government-sponsored programs, or financial assistance from the Hospital. These efforts will be conducted in a professional manner consistent with all State and Federal guidelines, observing all local, State and Federal laws governing such activities.

This procedure applies to the transfer of all active accounts receivable to bad debt receivables for placement with outside collection agencies, for collection; for further legal action; internal accounts not to be pursued (i.e., to be written off).

Further, it is the Oroville Hospital intent to inform the bad debt agencies to report the credit agencies only if they are unsuccessful to reach a resolution or payment arrangement with the patients within the 150 days from the date they are assigned an account. Minimum bad debt assignment will be \$10. Collection agencies will be instructed not to pursue accounts until they have an aggregate total of \$50.

A- Efforts at collections will be made at three stages.

- 1- By Patient Access at the time of registration, admission or discharge.
- 2- By Credit and Collection Department after the discharge.
- 3- By referral or assignment of delinquent account to contracted collection vendors.

B-Definition of Bad Debt:

- 1- Any unpaid account of uninsured or self-pay patient over 90 days from the date of service that has not been converted to financial assistance, payment arrangement, or government sponsored medical assistance programs including California Health Benefit Exchange or Oroville Hospital sponsored Financial Assistance program despite the efforts of Financial Counseling or Credit and Collection departments.
 - a. A self pay bad debt account may also include: A patient or guarantor that is not keeping with their obligation to pay for medical services rendered, including their co-payment, co-insurance, deductible, spend down, share of cost amount for 90 consecutive days.
 - b. A patient or guarantor who fails to comply with financial counseling requests by means of providing the necessary information to qualify for government sponsored medical assistance programs CA Health Benefit Exchange or Oroville Hospital sponsored Financial Assistance program.
 - c. Mail returns account with unpaid balance and loss of patient contact.
- 2- Authorized Hospital personnel may hold an account from being referred to bad debt when there are valid reason(s).
 - a. Authorized personnel shall be defined as the following:
 - i. Patient Access Manager, Collection Supervisor, Director of Patient Financial Services, Chief Financial Officer and other Hospital Administrators.

C-Determination of Bad Debt Accounts

- 1- Any unpaid account may qualify for bad debt if not resolved within a time frame of no more than ninety (90) days from the date that the account is billed to the appropriate party.
- 2- The following must take place before an account may be placed for Bad Debt: write off or placement with an outside collection agency:

D- Patient Access Department Responsibilities

- 1- All patients will be requested to sign the Conditions of Admission form which informs the patient in summary format of their financial responsibility.

- 2- The Patient Access Department will use their best efforts to collect co-pays, deductibles from the patients or their guarantor at the time of registration.
- 3- All elective non emergent services requested by self pay patients will require full payment or a 50% deposit or a signed payment arrangement. Other payment arrangements may be established after a face to face financial review session and verification of pertinent Financial Assistance documentation.
- 4- Patients who are not able to pay a deposit or set up payment arrangements will be directed to the Financial Counseling or Patient Financial Services department for Financial Assistance program.
- 5- Non-emergent, elective services may not be rendered to non-compliant, difficult patients who do not have financial clearance or can not be established by means of payment arrangements, eligibility application for government sponsored medical assistance or Oroville Hospital financial assistance programs.

E- Financial Counseling Responsibilities

- 1- The Financial Counseling Department will follow the Hospital's guidelines set forth in the following policies and/ or procedures: Patient Financial Responsibilities, Financial Assistance, and Payment Guidelines for Outpatient Services, Assessing Patient Financial Status, and Community Service Discounting.
- 2- Collecting from all self pay inpatient accounts will be the responsibility of Financial Counseling Department.
- 3- Financial Counselors will have the responsibility to assist self pay patients in qualifying them for government sponsored medical assistance programs.
- 4- Financial Counselor may refer patients to outside eligibility assistance vendors when they are not able to assist the patient with their eligibility applications.
- 5- Financial Counselors will follow up with discharged patients via letters or telephone to bring accounts to resolution with outstanding financial counseling issues and their eligibility for government sponsored medical assistance programs or Oroville Hospital financial assistance eligibility applications.
- 6- Financial Counselors will follow up on the reason or reasons why patients did not qualify for government program.
- 7- Financial counselors will be able to establish payments arrangements, discount for payment in full.
- 8- Financial Counselors will refer patients who do not qualify for government sponsored medical assistance programs and who are not able to pay for their services to the Financial Assistance Program staff member for account resolution.

F- Collecting from Commercial Insurance or Government Payers:

- 1- Contact payer, via letter, statements, telephone, to obtain payment.
- 2- Document all conversations and actions in the hospital billing system.
- 3- Review large balance and delinquent accounts first.
- 4- PPO accounts over 60 days and HMO accounts over 90 days are considered delinquent.

- 5- File appeals as appropriate.
- 6- Collect balance on undisputed portion of disputed account, and resolve questions and conclude payment arrangements for the disputed portion of account within 15 days.
- 7- Escalate the payment request to supervisory levels at the payer side as appropriate.
- 8- If the payer claims to have paid this balance, request a copy of the canceled check or receipt number.
- 9- If account has not been paid, allow the payer to offer explanation for delinquency and offer to make account current.
- 10- If the payer does not respond positively with payment or to any payment arrangement suggestions, advise them that the account will be referred to a collection agency. Explain that this referral may damage their credit.
- 11- If appropriate contact the Guarantor / Patient and explain to them their insurance failed to pay their portion of their bill and enlist their assistance with account resolution.
- 12- Recommend uncollectible accounts for bad debt write-off and placement with an external agency.

G- Collecting on self pay balances from patients

- 1- Review large balance and delinquent accounts first. Self pay accounts over 60 days with no payment are considered seriously delinquent.
- 2- Work all high balance inpatient and outpatient accounts beginning with newly assigned accounts.
- 3- Send letter or statement requesting immediate payment or contact with Oroville Hospital Representative to patient/guarantors who cannot be reached by telephone.
- 4- Contact Guarantor / patient, via letter, statements, telephone, to obtain payment.
- 5- Contact patient/guarantor via telephone to determine the timing of paying the balance in full. Determine timing and frequency of contacts based on dollar balance, account age, billing cycle, and prior representations made by patient/guarantor.
- 6- Document all conversations and actions in the hospital billing system.
- 7- If the guarantor claims to have paid this balance, request a copy of the canceled check or receipt number.
- 8- If account has not been paid, allow the guarantor to offer explanation for delinquency and offer to make account current.
- 9- If the payer does not respond positively with payment or to any payment arrangement suggestions, advise them that the account will be referred to a collection agency. Explain that this referral may damage their credit.
- 10- Monitor accounts with existing installment arrangements for prompt payment. When proper payments are not made, contact patient/guarantor and advise them that the account must be brought to a current status, or the entire balance will become due and payable within two (2) weeks. Refer any account delinquent for more than two (2) payments to the Collection Manager for resolution.
- 11- If patient/guarantor states that he/she is unable to pay account balance in full, discuss installment plan options and application for Financial Assistance.
- 12- If installment plan is agreed to by patient/guarantor, consolidate related self pay accounts as appropriate. Mail installment agreement letter and instructions for payment to patient/guarantor for signature and

return. If installment agreement is not adhered to by patient, refer account to the Collection Supervisor for further action.

- 13- Refer accounts with outstanding legal issues (bankruptcy, estate, possible litigation, etc.) to supervisor for resolution or referral to proper department.
- 14- Recommend uncollectible accounts for bad debt write-off and placement with an external agency.

H - Financial Assistance Referrals

- 1- If patient asserts inability to pay in full or in part, obtain household size and income to determine if the patient is qualified for government sponsored health programs such as Medi-Cal, CMSP, disability program or Oroville Hospital Financial Assistance Program:
- 2- If patient appears qualified for government sponsored medical assistance program refer them to Financial Counselors or outside vendor that can assist the patient with their application process.
- 3- If the patients is not eligible for a government sponsored medical assistance program and still has financial hardship then send an application for Oroville Hospital Financial Assistance program.
- 4- The Credit & Collection department will process the financial assistance application within 30 days of receipt.
- 5- If the patient does not appear to meet the qualifications, negotiate the shortest possible repayment terms.
- 6- All decisions must be communicated to the applicant in writing.

I - Agency Recalls:

An account may be recalled from bad debt when an account is referred in error or at the request of Oroville Hospital Administration or under special circumstances.

J- Bankruptcy:

- 1- The Credit and Collections Department will review the bankruptcy documents.
 - a. Determine if an account is uncollectible internally and recommend placement with an external collection agency as appropriate.
 - b. If the courts have discharged the debtor from their obligation adjust the balance as bankruptcy bad debt without referring the account to outside agency.
 - c. If the courts have not discharge the debtor write off the account to bankruptcy and refer the account to an outside agency for their follow up.

K - Collection Supervisor:

1. Monitor and approve bad debt write-offs recommended by collection staff. Review problem accounts referred by collection staff to determine proper resolution.
2. Analyze collector productivity and evaluate collection agency performance.
3. Assist collectors in resolving difficult accounts and approve initiation of legal action by external collection agents.
4. Meet with other departments to develop and coordinate efforts to reduce bad debt.
5. Monitor productivity of collection staff (number of contacts made, amount collected) and prepare productivity reports on a regular basis.
6. Consult Administration Department and/or Risk Management Department for instructions on handling of patient care related cases.
7. Monitor collection agency performance and conduct periodic performance audits.
8. Notify Director or CFO of any hardship cases that do not meet hospital financial assistance or government sponsored programs. CFO may at his/her discretion adjust the patient's balance based on each individual circumstance.

L – Write Off Signature Approval Guidelines:

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| 1. CEO and/or CFO | Balances greater than \$10,000 |
| 2. Patient Financial Services Director and/or Controller | Balances up to \$10,000 |
| 3. Patient Access Manager or PFS Supervisors | Balances up to \$5,000 |