Bad Debt Policy

Field	Value
Policy Name	Bad Debt
Policy Number	Not assigned
Responsible Office	Patient Financial Services
Effective Date	April 5, 2012
Revision Date	July 26, 2026
Reviewed Date	Not entered
Reserved Fields	Not applicable

1. Purpose

Bad debt relates to private pay accounts, also referred to as self-pay accounts, that have not been paid. The bad debt policy establishes guidelines for managing, recording, and writing off uncollectible accounts receivable to protect the business's cash flow and financial health. Its primary purpose is to ensure accurate financial reporting by estimating uncollectible amounts and mitigating credit risks.

2. Policy

The bad debt policy of the Hebrew Home for Aged Disabled dba Jewish Home and Rehab Center (JHRC) outlines how this business handles uncollectible private accounts, defining when an account is deemed bad, such as after 91 or more days, and how to write it off. It ensures accurate financial reporting by matching expenses to revenue, reducing assets on the balance sheet, and managing cash flow risks.

3. Applicability

This policy applies to the Hebrew Home for Aged Disabled dba Jewish Home and Rehab Center.

4. Responsibility

Patient Financial Services and the Revenue Cycle Director are responsible for the application of this policy.

5. Procedures

Patient Financial Services / Business Office will process write-offs on patients' accounts after determining that an account is uncollectable, as follows:

- Once a private pay balance is due, a statement will be sent to the patient and/or their financially responsible party for 3 monthly cycles or until the balance is paid in full. The statement will have a notice that Financial Assistance & Payment Plans are available.
- A collection letter will be sent to the patient and/or their financially responsible party for 3 monthly cycles or until the balance is paid in full. The collection letter will have a notice that Financial Assistance & Payment Plans are available.
- After 180 days, if a balance is still outstanding, private pay accounts will be deemed uncollectable and will be considered for bad debt adjustments after all collection efforts have been exhausted by the business office. The business office will make reasonable efforts to determine whether the individual is eligible for financial assistance.
- Contracted lawyers assist JHRC in serving letters to residents or their financially responsible party. A collection agency would handle patients who have been discharged.
- Adjustments of a bad debt account in an amount under $10,000 will be documented and will require the approval and signature of the Revenue Cycle Director. The account may be forwarded to a collection agency for further collection efforts. After 30 days from receiving notification from the collection agency, the patient will be subject to a collection fee assessed per the agency's company policy.
- Write-offs of a bad debt account in the amount of $10,000 or higher will be documented and will require the approvals and signatures of the Revenue Cycle Director and the Chief Financial Officer of the JHRC and may be forwarded to a law firm for further collections effort.
- Small balance amounts up to $50 can be written off without involving JHRC's lawyer or collection agency.

Upon admission to JHRC, the Admissions Department should make best efforts to get the name and contact information for the executor, guarantor, or financially responsible party. Admission paperwork should include responsible party contacts and be added to the EMR.

Financial Assistance/Charity Care

Financial Assistance/Charity Care applications are available upon request. Once an application is received, collection letters and calls will be put on hold.

Payment Plan

The goal is to pay the full balance within 9 months from agreement of a payment plan.

Deceased Patients or Residents

The invoices for deceased patients should go to their estate. The letter should be addressed to: Estate of "patient's full name." Once PFS finds out a patient has died, an estate letter should be mailed to all addresses on file to find out who is handling the estate. Accounts of deceased patients or residents will need the approval of the Revenue Cycle Director for write-off.

Bankruptcy

If JHRC receives a legal notice that someone has filed for bankruptcy, collection letters and calls will be put on hold until the court-ordered judgment is finalized.

Reviewed by

Signature: ____

Name: ____

Position/Title: ____

Date: ____

Approved by

Signature: ____

Name: ____

Position/Title: ____

Date: ____