

Bad Debt Collection Practices

Policy Statement

To ensure that follow-up for all private pay accounts is adequately and appropriately performed in a timely manner and to ensure that bad debt accounts are appropriately referred to collection agencies or adjusted as write-offs.

Policy Interpretation and Implementation

Collection personnel shall review all outstanding private pay and payment plan accounts as needed, but no less than once per month.

Placement of bad debt accounts is made monthly. Active accounts that have been reserved for bad debt should not be allowed to carry over into subsequent months with specific exception of accounts expecting full payment.

PROCEDURE:

Collections Process:

The most current version of the Fair Debt Collection Practices Act and AB 1020 will be followed when attempting to collect from patients.

The following processes must be followed prior to sending a patient's account to a bad debt collection agency:

1. At least two statements and two payment request letter will be sent.
2. At least one phone call attempt will be made.
3. At least one collection notice will be sent containing the following information:
 - a. The date or dates of service of the bill that is being assigned to collections or sold;
 - b. The name of the entity the bill is being assigned or sold to;
 - c. A statement informing the patient how to obtain an itemized hospital bill from the hospital;
 - d. The name and type of health coverage plan for the patient on record with the hospital at the time of services, or a statement that the hospital does not have that information;
 - e. An application for the hospital's charity care and financial assistance; and
 - f. The date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made.
4. The patient's account must be overdue by at least 180 days from the first statement or letter date. A statement, stating that a patient will not be sent to bad debt within 180 days from the first statement will be included with the first bill to the patient.

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5. Should a patient only have one account in the system under \$20.00, the account will be written off as a small balance.
6. Documentation of all collection work will be noted on the patient account.
7. The hospital will forgo garnishment of wages, liens on a primary residence, applying interest to debt, adverse credit reporting, or filing of a lawsuit. If this occurs, it will be performed by contracted collection or debt agencies after the agency confirms that the patient is able to pay but not willing to do so.

Billing Disputes

1. If at any time prior to sending the account to bad debt, the patient does not agree with the charges, the charges will be reviewed by a Health Information coder for accuracy.
2. If changes are required, the patient will be notified and the charges will be re-billed to the insurance company, if applicable. If the patient does not have insurance a new bill will be sent directly to the patient.
3. If the patient still does not agree with the findings, processes will be followed as per MCHD's Billing Dispute Policy.

Contracted Collection Agency

MCHD will ensure the following when contracting with a collection agency.

1. Include contractual language in which the collection agency agrees to abide by all fair debt collection laws.
2. Include contractual language in which the collection agency agrees to meet key components of this collection policy as well as any legal requirement that would apply if action were taken directly by the hospital.
3. Include in contractual language in which the collection agency agrees to send attestation of compliance with the hospital's bad debt policies and obligations.
4. Lawsuits recommended by agency may be initiated only through express written authorization of the Chief Executive Officer and in compliance with this policy.
5. The collection agency will forgo garnishment of wages, liens on a primary residence, applying interest to debt, adverse credit reporting, or filing of a lawsuit unless the collection agency has established that the individual is able but unwilling to pay.
6. Obtain a HIPAA Business Associate Agreement

Contracted Debt Buyer

MCHD will ensure the following when contracting with a debt buyer.

1. Include contractual language in which the debt buyer agrees to abide by all fair debt collection laws.

For a listing of approve definitions for spouse, marriage, family or relative reference the District Wide Policy titled "Approved Definitions Based on the Critical Access Hospital Conditions of Participation".

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2. Include contractual language in which the debt buyer agrees to meet key components of this collection policy as well as any legal requirement that would apply if action were taken directly by the hospital.
3. Include in contractual language in which the debt buyer agrees to send attestation of compliance with the hospital's bad debt policies and obligations.
4. Lawsuits recommended by debt buyer may be initiated only through express written authorization of the Chief Executive Officer and in compliance with this policy.
5. The debt buyer will forgo garnishment of wages, liens on a primary residence, adverse credit reporting, or filing of a lawsuit unless the debt buyer has established that the individual is able but unwilling to pay.
6. Obtain a HIPAA Business Associate Agreement
7. Include contractual language in the sales agreement in which the debt buyer agrees to return and the hospital agrees to accept any account in which the balance has been determined to be incorrect due to the availability of a third-party payer, including a health plan or government health coverage program, or the patient is eligible for charity care or financial assistance
8. Include in the contract that the debt buyer may not charge the patient interest or fees on patient debt.
9. Confirm that the debt buyer is licensed by the Department of Financial Protection and Innovation.