

Title: **Bad Debt Policy**

Number: LD119

Page: 1 of 3

Approved By: Finance Committee:

Effective Date: **01/2012**

Signature: _____

Date: 05/02/2012

Revision Dates: **12/2001, 9/2004, 02/2006, 01/2007, 05/2012**Review Dates: **12/2001, 9/2004, 02/2006, 01/2007, 05/2012, 02/2020****PURPOSE**

The purpose of this policy is to classify Bad Debt patients and to ensure consistent and appropriate referral of unpaid accounts to outside agency(s) for additional collection activities.

POLICY

Accounts with unpaid self pay balances will be referred to outside agency for collection activity.

RESPONSIBILITIES

Patient Accounting Manager or the Director of Finance is responsible for administering and maintaining this policy.

PROCEDURE

1. All insurance eligibility and benefits will be verified at the time of service.
2. Billing to insurance will be made in a timely manner as specified by contract or statute.
 - a. Collection representative will insure that all insurances have been verified and billed as appropriate.
 - b. Discounts previously applied to account including uninsured discounts will remain on the account.
 - c. Failure to bill within filing guidelines does not allow for bad debt filing.
 - d. Charges declared as not medically necessary by the insurance may not be declared as bad debt unless the patient was notified in writing in advance of service.
 - e. Insurance response (EOB, denials, etc) will be documented in appropriate computer system (the patients account).
3. Medicare/Medi-Cal/CMSP data base will be accessed on all accounts listed as self pay.
 - a. Batch file of self-pay accounts will be submitted to eligibility vendor at least monthly.
 - i. If batch files are not accepted by Medicare/Medi-Cal/CMSP, notation of any attempt at Medicare/Medi-Cal/CMSP verification is appropriate.
 - b. Batch file will access the Medicare/Medi-Cal/CMSP eligibility file and return appropriate information for billing to Medicare/Medi-Cal/CMSP.
 - c. Account will be updated with new information.
 - d. Appropriate billing will be completed.
 - e. After payment or denial, process will begin again.
4. Self-pay accounts will be worked by SVH Patient Accounting Representative.
 - a. Return mail will result in changing the account to a self-pay status.
 - i. Telephone contact may be attempted to patient and/or employer.



Title: **Bad Debt Policy**

Number: LD119

Page: 2 of 3

- ii. Check address against imaged identification, telephone directory.
 - b. Flag accounts as bad address for future registration.
 - c. Send all open accounts to the outsource agency if unable to verify new address.
- 5. Accounts scheduled for assignment are to be reviewed by the Patient Financial Representative prior to assignment.
 - a. Accounts shall be placed in collection status/Bad Debt after 180 days of the first statement bill date to the patient.
 - b. Accounts may NOT be written off the bad debt GL until returned as non-collectable.
- 6. Refer to the appropriate agency via electronic format.
 - a. All collection efforts are to be documented.
 - b. Agency is to report all activity on each account by credit noting the patients account.
- 7. If collection efforts are unsuccessful, account is to be returned to the hospital with complete collection documentation and history.
 - a. A total of 180 days must pass before an account can be declared uncollectible.
 - b. The 180 days may include the collection efforts prior to placement with the agency.
 - c. Patient will receive a bill at 30 days, 60 days, 90 days, 120 days, 150 days, and again at 180 days with a Good Bye Letter. Each account is documented with credit notes in patients account.
 - d. The hospital must demonstrate that reasonable collection efforts have been made.
 - e. There must be a minimum of 180 calendar days elapse between the first notice to the patient and the date the account is assigned to bad debt.
 - f. The returned account shall be declared as uncollectible and reflected as bad debt.

Billing and Collections

SVH shall not send patients to a collection agency prior to 180 days from time of initial billing. SVH will send patients a bill within 30 days, 60 days, 90 days, 120 days, 150 days & a Good Bye letter on 180 days. SVH provides communication in English & Spanish to all patients for financial assistance. For those patients with a pending application for a government program serving the low-income, or a pending application for charity care or reduced-payment for health care services under the hospital's own financial assistance policy will not be sent to collections until the review process has been completed. A SVH Patient Accounting Representative will contact the federal, state or county agency to verify the application is pending, and if so, postpones the collection process until applications are completed and closed. If patients do not respond to the Final notice a or after 150 days the account will be placed with an outside collection agency on day 180. Any collection agency utilized by the hospital will be knowledgeable of the hospital's charity care and discount policies and must comply with AB 774, AB 1020, AB 532. Hospital accounts of any balance size can be returned from an outside collection agency upon determination of either of the

I



Title: **Bad Debt Policy**

Number: LD119

Page: 3 of 3

following:

- Debtor is deceased and no estate funding is available to cover the balance, or
- The debt is part of a bankruptcy

Hospital accounts will be returned to the Hospital from an outside collection agency when The Agency declares the account closed and all efforts to collect are exhausted. These notes will be recorded by the collection agency in each patients account.

Regulatory Requirements

Confidentiality of information and individual dignity will be maintained for all that seek charitable services. The handling of personal health information will meet all HIPAA requirements. In implementing this policy, SVH shall comply with all federal, state and local laws, rules and regulations that may apply to activities conducted pursuant to this policy.