TITLE: OUTSIDE COLLECTION AGENCY

DEPARTMENT: BUSINESS OFFICE / CREDIT COLLECTIONS

SCOPE: BUSINESS OFFICE

POLICY:
Once an account has been deemed uncollectable by KVHD, it will be sent to an outside collection agency.

PROCEDURE:

Outside Collection Agency:

After an account has had no activity for one hundred and eighty (180) days, and follow-up procedures performed, it will be sent to an outside agency. A list of the accounts will be prepared by the end of each month, to be reviewed by the Revenue Cycle Manager (RCM) and Controller. With final approval from KVHD's Chief Financial Officer (CFO).
Any information obtained from income tax returns, pay stubs, or monetary asset documentation collected for the discount payment or charity care eligibility determinations cannot be used for collection activities

The collection agency may take legal action to collect unpaid balances when the collection agency has information that the patient or guarantor can pay for the medical services received but refuses to do so. This can be done if it is not within 240 days of the first post-discharge billing statement. When the collection agency decides that legal action is appropriate, and the criteria for extraordinary collection actions are met, the following is required:

1. The collection agency must forward a written request to the facility's Financial Counselor and RCM for approval before taking legal action.
2. The Financial Counselor will review the account(s) for any recent payments and make sure that the balance on the written request matches the balance in the account. If the balance is different due to a recent payment the correct balance will be documented on the written request from the collection agency. Once this is done the written request is forwarded to the RCM for final approval and signature.
3. Facilities must maintain a permanent copy of the signed authorization for legal action. KVHD will do this by scanning the signed authorization to the patient account and there also must be a note, of the fact, entered in the electronic PFS patient account notes.
4. Medicare accounts – the collection agency will return any Medicare accounts back to KVHD as uncollectable after they have exhausted all collection efforts and deem no legal action can be taken after 180 days of assignment. These returned accounts will be placed on KVHD's Medicare Bad Debt log for the appropriate fiscal year that they were returned.

APPROVAL	DATE	APPROVAL	DATE
Department/Division Manager	9/09/25	Interdisciplinary Team	NA
Unit Medical Director (if applicable)	NA	Governing Board	10/09/25
Medical Staff Committee (if applicable)	NA	Administration	9/22/25
Reviewed By:		Reviewed By:	
Reviewed By:		Reviewed By:	