

# Revenue Cycle Management Policy & Procedures

<b>Title:</b>	<b>Self-Pay Bad Debt Procedure</b>			
<b>System</b>	<input checked="" type="checkbox"/>	<b>John Muir Health and all entities</b>		
<b>Entity(ies)</b>	<input type="checkbox"/>	<b>John Muir Health, Concord Medical Center (CMC)</b>	<input type="checkbox"/>	<b>John Muir Health, Walnut Creek Medical Center (WCMC)</b>
	<input type="checkbox"/>	<b>John Muir Health, Physician Network (PN)</b>	<input type="checkbox"/>	<b>John Muir Health, Behavioral Health Center (BHC)</b>
<b>Department</b>	<input type="checkbox"/>	Patient Access	<input type="checkbox"/>	HIM
	<input checked="" type="checkbox"/>	SBO	<input type="checkbox"/>	Other :
<b>Document Type</b>	<input type="checkbox"/> Policy <input checked="" type="checkbox"/> Procedure <input type="checkbox"/> Policy and Procedure			

- I. **Purpose:** Set forth a fair and equitable process for collection of patient account balances, payment arrangements and submission to bad debt.

**Definitions:**

Early-out Vendor: A vendor that works with John Muir Health (JMH) to collect patient balances while the balance is still part of the accounts receivable.

Self-Pay-Balance after insurance: Self-pay balance after insurance are accounts receivable defined by the amounts insured patients are responsible for from their health insurance plan. For example:

- Deductible, co-pay, and co-insurance portions.
- Any item the health plan deems as non-covered and assigned a patient responsibility code.

Self-Pay-Uninsured: Patient account receivables where patients do not have health insurance, nor is the service covered by a third party process, i.e. auto insurance.

- Remaining balance of any uninsured account after the uninsured discount is applied.

Uninsured Discount: JMH applies an uninsured discount to all patient accounts that have no insurance to cover charges.

- Hospital accounts currently discount 55% of total charges.
- Physician accounts currently discount 35% of total charges.

# Revenue Cycle Management

## Policy & Procedures

Bad Debt Agency: An agency that assumes responsibility of the collection efforts on a patient account once JMH moves the balance from the active accounts receivable to bad debt accounts receivable.

Handoff Letter: Letter sent to the guarantor of the account detailing the accounts that will be sent to collections and their options for payment before this occurs.

### II. **Policy:**

JMH makes every reasonable effort to collect the patient responsibility account balance.

#### A. **Prior to service:**

1. Patient Access Services and John Muir Physician Network staff at time of scheduling, review patient health insurance information. Determination of co-pay, deductible, and co-insurance amounts are verified and discussed. A request to pay known amounts (co-pays, deductibles) prior to services performed is made. If not collected, a note stating why will be made on the account. Co-insurances are calculated as a percentage of total/covered charges. A discussion of the total OOP [out of pocket] should occur so the patient is reminded of their benefit plan/patient liability amounts.

#### B. **Time of Service:**

1. A financial liability agreement is signed by all patients at time of service [Hospital and Physician]. The agreement identifies and assigns JMH to complete the billing of the service to the insurance, to accept assignment, to accept payment, and that patient will pay for any portion not covered by the insurance or that is denied as patient liability.

#### C. **After Service is performed:**

1. JMH will provide a statement to the patient for each owing account. A series of four (4) statements are produced and sent 28 days apart. The assignment to early-out vendor occurs at the first statement.
  - a. Statements are generated by guarantor number and will include all owing self-pay balances from hospital and physician accounts.
  - b. Each account ages on its own merit and the statement can include current, past due and final notice accounts.
  - c. If patient has MyChart electronic billing the statement is emailed to the patient's MyChart account instead of sent to their home.
  - d. Level four statement will also generate a goodbye letter packet to the patient.

# Revenue Cycle Management

## Policy & Procedures

2. The MyChart portal, the early-out vendor, the JMH SBO Customer Service team, and the JMH website are identified as ways to call, pay, or make payment plan arrangements and/or ask for financial assistance:
  - a. MyChart –mobile phone application to pay, schedule, and review items in portal. Statements viewable on MyChart would include language on payment plan and financial assistance options as needed.
  - b. Statement process will assign account to early-out vendor. Early-out vendor has customer service telephone number on the statement. Early-out vendor also provides a telephone Interactive Voice Response (IVR) to make payments via credit card without speaking to a person when selecting this option on the phone tree. When taking calls the early-out vendor can help the patient set-up a payment plan and can also determine the patients need for financial assistance and will mail a financial assistance application. Statements also include language on payment plan and financial assistance options as needed.
  - c. SBO has a team to take calls for patients, accept payments using IVR and answer questions. The JMH SBO Customer Service team answers questions, resolves concerns, helps set up payment plans, and assists with financial assistance.
  - d. Web site to pay as a guest.  
<https://www.johnmuirhealth.com/content/jmh/en/home/billpay/>  
The website also includes payment plan and financial assistance options.
3. Payments can be made by using the statement and returning it with check payment to the specific lockbox identified for patient payments.
4. Payments can be made at next visit anywhere in the JMH organization.

### III. **Bad Debt Procedure:**

Accounts are ready to assign to bad debt agency/vendor that are:

1. Not paid in full;
2. Have had four (4) statements sent;
3. Have had a handoff letter sent to the guarantor;
4. Not in a time plan, or protected status (dispute, bankruptcy or financial assistance application returned);

These accounts will be returned weekly by the Early-Out Vendor to the Single Business Office for review and turnover to collection agency.

# Revenue Cycle Management Policy & Procedures

A. **The listing of accounts for withdrawal from the Early-Out Vendor will have reasons for review and action to the Vendor Liaison team.**

1. Review for retro Medi-Cal
2. Review presumptive charity
3. Review for recent payment/high balance
4. Confirm final offload to collection agency processed

B. **Manual referral to Bad Debt will occur by the SBO for the following reasons:**

1. The patient informs JMHS or the Early-Out Vendor they will not pay their bill.
2. The patient refuses to make alternative financial arrangements or seek financial assistance when assessed as needed.
3. No contact with patient via phone, mail or other approved method after reasonable efforts have been made.
4. The patient defaults on an established payment arrangement (a.k.a. time plan) for 90 days.
5. The patient receives proceeds from a third party liability settlement owed to the health system and does not respond to the health system's request for payment.
6. Returned mail and new address cannot be located.
7. Any call received by the Single Business Office related to payment arrangements that is identified as bad debt will be referred to the bad debt agency on file.

C. **Accounts excluded from Bad Debt**

JMHS excludes accounts from being automatically referred to bad debt under the following circumstances. *These accounts may be manually submitted to the agency following a review and approval by appropriate manager or supervisor.*

1. Patient has established a payment plan with JMHS or the early-out vendor.
2. Account is being worked by a government eligibility vendor to determine Medi-Cal eligibility.
3. Patient is undergoing the Patient Financial Assistance application process.
4. Account is associated with a patient that is currently indigent (incarcerated, homeless, etc.).

# Revenue Cycle Management Policy & Procedures

5. Account is associated with a VIP patient
  6. Account is associated with an outstanding patient dispute (charge, care, or safety) with JMH.
  7. Account where the patient has made JMH aware of a “pending appeal”.
    - a. This includes, a grievance against a contracting health care service plan or insurer, an independent medical review, a fair hearing for a review of a Medi-Cal claim, or an appeal regarding Medicare coverage.
  8. Account is associated with a bankruptcy filing (if known prior to offload).
  9. Account is filed as part of an outstanding lien.
  10. Account is associated with an outstanding legal dispute between the patient and JMH and not approved for bad debt submission by the legal department.
- D. **Frequency** – Accounts are electronically referred to the bad debt agency on a weekly basis.

## E. **Bad Debt Collection Practices**

1. Neither JMH nor its contracted collection agencies will impose wage garnishments or liens on primary residences. This requirement does not preclude JMH from pursuing reimbursement from third-party liability settlements or other legally responsible parties. Agencies that assist the Hospital and may send a statement to the patient must sign a written agreement that they will adhere to the Hospital’s standards regarding collections from patients.

The agency must also agree to:

- a. Not report adverse information to a consumer credit reporting agency or commence civil action against the patient for non-payment at any time prior to 180 days after initial billing.
- b. Suspend any extraordinary collection efforts if patient has submitted appealing Financial Assistance Application.
- c. Not place liens on primary residences.
- d. Adhere to all requirements as identified in the California Hospital Fair Pricing Act Health & Safety Code Section 127400 et seq., Internal Revenue Code 501(r), and the California Fair Debt Collection Practices Act (California Civil Code 1788 et. seq.).
- e. Comply with the definition and application of a Reasonable Payment Plan, as defined in the Definition Section above.

# Revenue Cycle Management

## Policy & Procedures

### F. Patient Requests while in Bad Debt

1. Payments received by JMH while in Bad Debt
  - a. If a patient requests to make a payment toward an account currently with a bad debt agency or JMH receives a payment for an account currently with a bad debt agency, JMH will post the payment to the account in the patient billing system and notify the agency of the payment received.
2. Payment Arrangements while in Bad Debt
  - a. If a patient requests to be put on a payment plan for an account in bad debt, the Customer Service Representative will refer the patient to the bad debt agency explaining that payment plans need to be arranged directly with them.
3. Financial Assistance while in Bad Debt
  - a. If a patient requests to apply for financial assistance related to an account in bad debt, the Customer Service Representative will mail a Financial Assistance Application to the patient, and explain that the account will remain with the bad debt agency until JMH receives the completed application. Per the JMH Patient Financial Assistance Policy, applications may not be submitted more than 240 days following the first patient statement date.
    - 1) Information regarding the patient's Family income shall not be used in support of collection efforts.

### G. Recalling an Account from Bad Debt

1. The bad debt agency returns accounts to JMH under certain circumstances:
  - a. Discovery of Eligible Insurance Coverage:
    - 1) If it is determined that the patient has eligible insurance coverage for account(s) in bad debt and the age of the account(s) does not conflict with established timely filing deadlines, the eligible accounts are recalled from bad debt and billed to the payer following standard billing guidelines. The account remains in-house and restarts the follow-up cycle.
    - 2) If the account(s) is past the timely filing deadline, the account(s) should be billed with an appeal letter documenting the reason for late submission. If the appeal is successful and payment is received from the insurance, any remaining patient portion will return to the early-out self-pay vendor and begin the normal self-pay cycle.
    - 3) If the account(s) is past the timely filing deadline and the appeal is unsuccessful, the bad debt will return to the Bad Debt agency to pursue.
  - b. Account is associated with a patient that is currently indigent (incarcerated, homeless, etc.).

## Revenue Cycle Management Policy & Procedures

- c. Account is associated with a deceased patient with no estate.
- d. Account is associated with a care or safety dispute.
- e. Account is associated with a bankruptcy filing.
- f. Account is associated with an outstanding legal dispute between the patient and JMH and not approved for bad debt submission by the Legal department.
  - 1) Patients with Medicare and patient liability amounts due are treated as all other self-pay accounts. Medicare allows return of the account from bad debt after 120 days. The amount returned after 120 days in Bad Debt will be adjusted to zero using a specific code for Medicare Bad Debt Uncollectible. These amounts are used on the annual cost reports.

IV. **Patient/Family Education:** Provided through direct education from customer service representatives and self-pay vendor representatives in response to patient phone calls.

All patient contact is logged electronically.

V. **Documentation:** N/A

<b>Reference/Regulations:</b>
California AB 774 IRS Section 501(r) California SB 1276
<b>Supersedes:</b> N/A
<b>Sponsor(s) Name and Title:</b>
Debra Foulk, SBO Shared Services Manager
<b>Owner(s) Name and Title (manager level or above):</b>
Debra Foulk, SBO Shared Services Manager
<b>Record of Review Dates</b>
<b>List Committee, Medical Staff, etc. Reviews: (with approval date)</b>
N/A

<b>SBO Director</b>	<b>VP, Revenue Cycle</b>
Reviewed	Reviewed

<b>Origination Date:</b>	12/1/2019	<b>Last Reviewed Date:</b>	12/31/2023
--------------------------	-----------	----------------------------	------------