GOOD SAMARITAN HOSPITAL AND RURAL HEALTH CLINICS / CENTERS — POLICY AND PROCEDURE	Code No. BO 009 Page 1 of 2
	Effective Date: 01/31/2000 Last Review: 05/15/2025 Board Approval Date: 05/22/2025
DEPARTMENT: BUSINESS OFFICE	
SUBJECT: Bad Debt	

PURPOSE: To define procedures determining when a delinquent account for covered services is uncollectible when claimed as worthless and, based on sound business judgment, establish that there is no likelihood of recovery at any time in the future.

SCOPE: Billing Clerks

COMPLIANCE RESPONSIBILITY: Business Office Manager

POLICY:

It is policy of Good Samaritan Hospital to make every reasonable effort to collect all monies owed to the hospital prior to collection agency referral.

PROCEDURE:

Using all information gathered at the time of admission, as well as any additional information obtained post discharge, the patient accounting staff can determine the collectability of the account. Some indicators of bad debt accounts:

- Moved, no forwarding address
- Telephone disconnected; no other number
- Fraudulent name, address and/or insurance information
- Payment plan default
- No response to inquiries for information
- Failure to complete Charity Care, Medicaid or other financial aid application
- Prior history of bad debt
- Administrative decision

Once the determination has been made to process account to bad debt, the following process will occur:

- Medicare Bad Debts will be separated from private pay Bad Debts (see Medicare Bad Debt policy).

- The Business Office Billing Staff will write up accounts for adjustments providing all documentation.
- The Business Office Manager will review all documentation history on the account.

Copy of bad debt adjustments will be tracked for monthly total write off.

Bankruptcy accounts will be adjusted off receivables. These accounts will not be forwarded to the collection agency.

Monies received on accounts in Bad Debt will be applied to the recovery account in the General Ledger or applied to individual accounts through the bad debt menu. All payments and adjustments received from the collection agency will be reconciled on a daily basis when payment comes in.

Agency account returns will be either referred for second placement or adjusted off the bad debt system.

The Business Office Manager will approve any legal action to be taken by the agency.

All efforts will be extended to clear all bad debts off the account receivable by 150 days.

REFERENCE: