ORCHARD HOSPITAL

Collection and Bad Bed Balances

POLICY:

It is the policy of Orchard Hospital to resolve all self-pay balances in a timely manner.

PROCEDURE:

Upon determination of the patient's due amounts, the following should be in place.

A Balance Due Statement will be sent to the patient. This statement is generated each day as part of the claim generation process through the EVIDENT System.

At the time of posting, patients with balances after Medicare and Insurance payments are assigned to the appropriate financial class (P). The Evident system automatically assigns the Financial Class to these accounts.

Payments plans are offer to patients. See below the table:

Patient Account Balance	Monthly Minimum Payments AR Services	Maximum Plan
$50 and less	Pay balance in full within 30 days	
$51 - $100	2 payments	1 month
$101 - $500	$50 - minimum	10 months - maximum
$501 - $1,000	$100 - minimum	10 months – maximum

$1,001 - $1,500	$150 - minimum	12 months - maximum
$1,501 - $2,000	$200 - minimum	12 months - maximum
Over $2,000	$250 - minimum	12 months - maximum

POLICY

It is the policy of Orchard Hospital (OH) to ensure that debts owed by patients for medical care delivered by OH are collected in a timely and consistent manner. Payment for such debts will be pursued according to uniform criteria and procedures applicable to all OH patients who have not qualified for financial assistance under our Financial Assistance Policy or as indigents

Patient debt will be advanced to collections only after it has been reviewed by the Director of Revenue Cycle/Business Office Manager and deemed uncollectible. Patient debt is not sold to a debt buyer unless it has been found that the patient is ineligible for financial assistance or the patient has not responded to any attempts to bill or offer financial assistance for 180 days

Information obtained from income tax returns, pay stubs, and documentation collected for the discount payment or charity care eligibility determinations will not be used for collection activities.

GENERAL INFORMATION:

Active patient accounts are considered bad debts when they are reviewed by the Director of Revenue Cycle/Business Office Manager and deemed uncollectible. An The account is considered uncollectible when it meets the following criteria:

1. Patient Responsibility: The balance is the patient's responsibility; no payment has been received, and no financing could be arranged to pay the account balance.
2. Attempts to Contact: The responsible party has been sent at least three monthly statements, and a phone call or attempt to contact has been made.
3. Account Age: The account is 180 days or greater from the date the first statement was sent
4. Denial by Third Party: The third-party carrier has denied (in writing) responsibility for any payment on the account, and the collector has documented the patient's refusal to pay or finance the account.
5. Deceased Patient: Notification that the patient is deceased, and no estate is available to pay the debt.
6. Timely Filing Denial: A justified denial of payment due to late filing has been received.

Extended Payment Plans:

- Under OH's Financial Assistance Policy, or for patients classified as indigent, extended payment plans are available for those who do not qualify for financial assistance. These plans are interest-free.
- The extended payment plan may be declared no longer operative after the patient's failure to make all consecutive payments due during a 90-day period. Use of Collection Agencies:
- A collection agency may be used to obtain payment only after the debt has been deemed uncollectible by the Director of Revenue Cycle/Business Office Manager.
- The collection agency must comply with and be subject to all applicable federal, state, and local laws, including 501(r) requirements.

Bad Debt vs. Contractual vs. Administrative Adjustments:

- Bad Debt: Full expected payment amount not received.
- Contractual: Difference between gross charges and expected payment based on contract with payer.
- Administrative Adjustment: A non-allowable charge or an error on OH's part (usually agreed upon by the Director/Business Office Manager and/or CFO/CEO).

PROCEDURE:

1. Determination of Collectability:
   The Central Business Office (CBO) employee determines the account to be uncollectible based on the established criteria.
2. Bad Debt Write-Off Form:
   The OHBO employee prepares a bad debt write-off form, attaches proper support documentation, and marks the account with a note of recommendation
3. Approval Process:
   - The write-off form and attachments are given to the Director of Revenue Cycle/Business Office Manager for review.
   - All balances below $15,000 are approved by the Director of Revenue Cycle/Business Office Manager.
   - All balances above $15,000 are approved by the CFO/CEO.
4. Write-Off:
   Once all necessary approvals are received, the account is written off to Bad Debt.
5. Advancement to Collections:
   Once an account is written off to Bad Debt, it may advance to a collection agency, under the following conditions:
   - The debt has been determined to be uncollectible and approved for write[1]off.

- The collection agency follows all relevant federal, state, and local laws, including 501(r) requirements.

Authority to Advance Debt to Collections:

- The Director of Revenue Cycle/Business Office Manager has the authority to advance accounts with balances under $15,000 to collections.
- The CFO/CEO must approve the advancement of accounts with balances over $15,000 to collections.

DISCLOSURE:

Any information gathered to determine a patient's eligibility for financial assistance or charity care shall not be used to pursue collections actions or shared with any collection agencies. This ensures compliance with both federal and state regulations, including 501(r) requirements