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Policy Area FN: Finance  
Policy #S FN 13.019

## Bad Debt Collections

### PURPOSE:

To provide guidelines for the conversion and write-off of patient account balances exceeding normal time lines for collection.

### POLICY:

Fresno Surgical Hospital (FSH) encourages payment of all accounts in a timely manner while promoting ethical business practices in the collection of delinquent accounts. FSH accepts insurance assignment and other payment arrangements, however, the patient is ultimately responsible for payment of all services rendered.

Patient accounts will be considered Bad Debt and referred to an outside collection agency upon meeting the following guidelines:

- Patient fails to bring their account into good standing by reaching agreeable payment arrangements and/or paying their outstanding balance in full.
- Patient fails to fulfill the terms of a patient payment agreement by missing two (2) consecutive payments.
- Patient refuses further contact with the Patient Accounting Department by either telephone or mail.
- Patient mail is returned with no forwarding address and Patient Accounting Department is unable to locate additional contact information.

Accounts will be written off as bad debt if they meet the following criteria:

- Account is greater than 120 days old
- Account is in Bad Debt Status

# PROCEDURE:

1. Patient co-pays, deductibles, and secondary portions will be collected at the time of service whenever possible. Patients who fail to make payment will receive a patient statement requesting payment in full.
2. At patient's request, payment arrangements may be extended. A minimum payment of \$25.00 per month is expected with payment terms not to exceed nine months via recurring payments debited either by credit card or bank account, or six months via patient physical remittance. Patients requesting payment terms in excess of this time frame may be considered under the following approval guidelines:
  - Patient Accounting Manager up to 18 months
  - Chief Financial Officer 19 months or greater
3. Fresno Surgical Hospital has partnered with Mnet Financial to offer extended payment arrangements with a minimum payment of \$25.00 and payment terms up to 120 months. These payment plans are offered to the patient at an interest rate of 14% per annum, which will be collected by Mnet Financial. Accounts assumed by Mnet Financial, which are subsequently returned to Fresno Surgical Hospital for non-payment will be automatically transferred to an outside collection agency for processing to include any penalties and interest incurred by the patient while the account was managed by Mnet Financial.
4. Accounts in good standing will receive a monthly statement every thirty-calendar days. Delinquent accounts will receive a Contract Past Due Letter requesting that the account be brought current, immediately. Accounts that remain delinquent will be mailed a second Contract Past Due Letter thirty days subsequent to the first letter. Accounts remaining 91+ days delinquent will be transferred to a bad debt status for consideration of transfer to an outside collection agency. Bad debt accounts may be identified through the "Print Collection Agency Accounts" report within the Meditech system.
5. Partial account payments of one-third of the outstanding balance or greater will be accepted without prior payment arrangements being established. Patients who make partial payments of less than one-third of the outstanding balance will receive a "Thank You" letter which requests payment in full on the remaining balance due. Accounts 61+ days delinquent will receive a Final Past Due notification. Accounts 91+ days delinquent will be transferred to a bad debt status for consideration of transfer to an outside collection agency. Bad debt accounts may be identified through the "Print Collection Agency Accounts" report within the Meditech system.
6. Patients who fail to make prior payment arrangements, and do not make payment on their account will follow the collection cycle below:
  - a. Patient Statement (1<sup>st</sup> collection attempt)
  - b. Day 31 – Past Due Notification (2<sup>nd</sup> collection attempt)
  - c. Day 61 – Final Past Due Notification (3<sup>rd</sup> collection attempt)
  - d. Day 91 – Bad Debt, transfer to an outside collection
7. Bad Debt accounts will be reviewed by the Patient Accounting Manager prior to referral to an

outside collection agency. Upon assignment, the Patient Accounting Manager will reconcile all assigned accounts with the collection agency to ensure that the accounts have been appropriately recorded. Upon verification, Bad Debt write off will then be completed within the Meditech system.

8. The collection agency shall not report any adverse information to a consumer credit reporting agency or commence civil action against any patient for non-payment any time prior to thirty (30) days from date assigned to Agency. Account must be a minimum of one hundred and fifty (150) calendar days outstanding prior to such action being taken. All collection actions will be in accordance with State and Federal debt collection rules and regulations.
9. Accounts collected after a bad debt write-off will be reversed and the payment applied to the patient account.
10. Agency requests for lien and/or legal action will be reviewed and approved by the Chief Financial Officer. These requests should include: patient name, balance due, guarantor information, collection activity (internal and external), and any additional information available.
11. Upon receipt of Chapter 7 bankruptcy notification, the Patient Accounting Manager will identify applicable accounts and place correspondence on hold. The patient account will be noted and written off as Bad Debt.  
Notification will be forwarded for accounts previously transferred to an Agency. Agency will validate the bankruptcy discharge and cancel account.
12. Upon receipt of Chapter 13 bankruptcy notification, the Patient Accounting Manager will identify applicable accounts and place correspondence on hold. The patient account will be noted, forwarded to Agency for creditor representation, and written off as Bad Debt.  
Notification will be forwarded for accounts previously transferred to an Agency. Agency will validate the filing and act as creditor representative.

## Associated Policies:

FN 13.062 Payment Arrangements

## Approval Signatures

Step Description	Approver	Date
BOM FINAL	Managers Board of: Executive Assistant	5/24/2024
MEC	Committee Medical Executive [AF]	5/24/2024
DMC	Document Management Committee [CG]	5/24/2024
Policy Owner	Jim Rodriguez: Chief Financial Officer	5/16/2024