



Policy/Procedure Title	BAD DEBT POLICY AND PROCEDURE			Policy #	
Manual Location(s)	Business Office Manual	Effective		Page	Page 1 of 4
Department Generating Policy	Patient Financial Services				
Affected Departments	All Departments				
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Governing Board	Judith Cooper	Date/Title	5/30/2017, Governing Board Chair		

I. PURPOSE

The following policy and procedure is to be followed for billing and collecting of patient accounts. The purpose of the procedure is to establish a system whereby we will have constant knowledge of each account. It will provide a step by step procedure that will maintain constant contact with the responsible party from discharge through complete payment of the account, write-off, or charge-off.

II. PROCEDURE

A. Billing

1. In order to maintain familiarity and understanding of the patient's account, the Biller or Backup Business Office staff will follow the account from billing through the final settlement of the account by insurance carrier. When insurance carrier has completed payment process the account will be moved to self pay status if a balance remains.
2. Itemized Bills: Will be sent to insurance company, worker's compensation and private pay patients upon request.
 - a. If the patient has insurance coverage, the Biller or Backup Business Office staff will submit the claim to the patient's insurance company, by electronic submission or by mail.
 - b. If the patient is classified Self Pay, a first-time summary bill will be mailed to the patient or their guarantor within 10-14 days after discharge of an outpatient or emergency room visit. The first-time bill will state their financial responsibility. An itemized bill is sent upon request.
3. Monthly Statement: Will be sent on a cycle basis. This procedure is repeated approximately every thirty (30) days or monthly until the account is paid, considered uncollectible, sent to early out or written off.

B. Collection

1. Prior to Discharge: Every admission to the hospital must have the responsible party sign a "Statement of Financial Responsibility".
2. Upon Inpatient or Discharge of Outpatient: An attempt should be made to collect copays, deductibles and coinsurances.

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3. After Discharge or Outpatient Charges entered: Business Office is to follow the billing procedure outlined above. Once billing procedure completed monthly statements will be sent out as follows:

a. Patient Accounts with No Insurance Coverage - After following the billing procedure with accounts where there was no payment or other action, each step is noted by the Business Office staff starting with the steps listed below:

- (1) 1st Monthly Statement- Approximately 30 days - send statement.
- (2) 2nd Monthly Statement- Approximately 60 days- send statement with appropriate message.
- (3) 3rd Monthly Statement- Approximately 90 days- send statement with appropriate message.
- (4) The Early Out program will work the account from the first statement until the account is deemed uncollectible. If Early Out is unsuccessful in setting up an acceptable payment plan, the account will be presented back to the hospital for approval of collection write-off.
- (5) Accounts are listed for Collection Write-Off- The report lists the patient's account number, name, date of write-off, and amount of write-off.
- (6) The report is presented to the Chief Executive Officer, Chief Financial Officer, and Board of Directors for approval at the next Board meeting.

b. Patient Accounts with Insurance Coverage, if Insurance Pays and there is a Balance Due; these steps will be followed:

- (1) 1st Monthly Statement shows the total amount of the bill, how much the insurance paid, and the balance due from the patient.
- (2) 2nd Monthly Statement (if there is no payment received) is sent out with balance due. All action taken from this point on is noted by the Business Associate.
- (3) 3rd Monthly Statement (if there is no payment received) is sent out with balance due.
- (4) The Early Out program will work the account from the first statement until deemed uncollectible. If Early Out is unsuccessful in setting up an acceptable payment plan, the account will be presented back to the hospital for approval of collection write-off.
- (5) Accounts are listed for Collection Write-Off- The report lists the patient's account number, name, date of write-off, and amount of write-off. The report is presented to the Chief Executive Officer, Chief Financial Officer, and Board of Directors for approval at the next Board meeting.

4. On an ongoing basis, Business Associates will monitor patients who consistently do not pay their bills and yet are regularly visiting the hospital. The Business Associates will keep the Business Office Manager apprised of problem situations. The Business Office Manager will be responsible for informing appropriate persons.

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C. Financial Arrangements - Credit Policy

1. Financial Arrangements – Following is a guide for establishment of a payment schedule for accounts.

<u>Amount Owed</u>	<u>Minimum Payment</u>	<u>Max Months</u>
<250	\$25	6
\$251-\$500	\$50	7
\$501-\$1000	\$85	12
\$1001- \$5000	\$100	18
\$5001 or greater	\$200	24

If patient fails to follow through on their monthly payment agreement: each step taken is noted by the Business Associate.

a. 1st Monthly Statement - Business Associate will remind the patient that regular monthly payments are necessary.

b. If no payment is received, account is sent to Early Out program.

2. General Credit Policy—Attempt to gain specific payment plan from responsible party. If patient states no payment can be made at this time, allow one (1) to three (3) months grace, depending on the situation. Patient must contact us at that time to inform us of the status.

3. Community Free Care- A patient can apply for community free care. See Criteria and Plan of Action for Charity Care Policy.

D. Write-Off Procedure - Accounts reviewed by the Business Associate, Business Office Director, or Chief Executive Officer that are deemed uncollectible are reported as follows; reviewed by the Chief Financial Officer and Business Office Director; and then presented to the Board of Directors for approval every month.

1. Accounts to be written off to the Collection Agency, Complete and Final Write-Offs (Plain), Bankruptcy, and Community Free Care Write-Offs are listed separately.

2. The report lists the patient's account number, name, date of write-off, and amount to be written off, as well as the type of write-off.

3. The Patient Accounts Manager shall note on each patient billing the amount written off, date of write-off, and type of write-off.

4. These written-off accounts will be segregated in files listed under "Free Care", "Plain" (Complete), and "Collection" Write-Offs.

E. Other Items

1. Record insurance rejections, effective dates of bankruptcy, and patient agreements-to-pay in the computer under the patient's account. Each entry is dated and initialed by the individual concerned with the action taken.

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2. Check accounts in computer by Guarantor including Collection Write-Offs before signing a receipt "Paid in Full" or accepting a check marked "Paid in Full".
3. The Hospital will make a reasonable attempt to collect deductibles and copayments from all patients.
4. Business Associates will track claim denials on a report and submit monthly to the Business Office Director. Denials will be sorted by reason, biller, and department. Supporting documentation will be given to the Business Office Director. The Business Office Director will review accounts prior to write-off.

Note: Any special deviations from this procedure should be brought to the attention of the Patients Account Manager, Business Office Manager, Chief Financial Officer, or Chief Executive Officer.

ATTACHMENT (S)

- None

REFERENCE (S)

- None

Original Effective Date:	5/30/2017				
Reviewed and/or Revised Dates					
	1st	2nd	3rd	4th	5th
Review Date:					
Revised Date:					
Supersedes:					
By:					