



<b>SUBJECT:</b> BILLING & COLLECTION POLICY	<b>DATE:</b> 10/11/2018
<b>DEPARTMENT:</b> BUSINESS OFFICE	<b>DATE:</b> 02/16/2023

**SCOPE:**

This policy applies to all services for Ely-Bloomenson Community Hospital (EBCH).

**POLICY:**

Ely-Bloomenson Community Hospital (EBCH) will seek to resolve outstanding patient liabilities through implementing fair and consistent billing and collection practices, defining the standards and scope of practice to be used by any outside collection agents and abiding by the Minnesota Attorney General Agreement and IRS Reg. 1.501(r) compliance requirements regarding collection practices and patient discounts as defined in this policy.

**PURPOSE:**

To provide billing and collection guidelines for Ely-Bloomenson Community Hospital.

**DEFINITIONS:**

- **Attorney General Agreement (AGA):** A contract executed between EBCH and the Minnesota Attorney General's Office relative to billing and collection practices and uninsured patient discounts.
- **Amounts Generally Billed (AGB):** The average amount collected by EBCH for providing emergency and other appropriate hospital-based medical services to individuals who have insurance covering that service.
- **Bad Debt:** Account status for any unresolved patient liability remaining after the normal collection cycle where it is deemed that the patient or guarantor is able but unwilling to pay the balance.
- **Charity Care:** One component of the Financial Assistance program (FAP) for rendering free or discounted care to persons who incur financial hardship in order to fully pay for their medical care.
- **Collection Cycle:** The normal process followed by EBCH or its agents to collect patient liabilities in full. Unpaid balances after completion of the collection cycle may be classified as a bad debt and referred to a collection agency for extraordinary collection action.
- **Extraordinary Collection Actions (ECA):** Especially aggressive efforts to encourage individuals to pay a liability as defined in IRS Reg. 1.501(r)-6(b). In general, extraordinary collection actions include selling a debt to another party; reporting adverse information about an individual to a consumer credit reporting agency or credit bureau; and actions that require a legal or judicial process (including liens, foreclosures, civil actions, and garnishments).
- **Medically Necessary:** Services that are reasonable and necessary for the diagnosis or treatment of an illness or injury or to improve the functioning of a malformed body member. Screening services may be excluded from the category of medically necessary services.
- **Patient Liability:** Any account balance remaining after all insurance payments and

- contractual adjustments have been applied. This includes patient accounts with no insurance coverage.
- **Plain Language Summary (PLS):** A document containing a clear, simple explanation of the financial assistance program and information about eligibility and the application process.
- **Presumptive charity care:** The process of proactively classifying certain patients as charity care on the basis of limited financial information. Predictive analytics considers demographic information and accesses third-party information to estimate a guarantor's financial profile and household size and income range.
- **Uninsured Discount:** The most favored nongovernmental third-party payer discount for the previous fiscal year that is applied to a self-pay balance per the MN Attorney General Agreement.

## **PROCEDURE:**

**Reasonable Efforts:** Before taking any extraordinary collection actions against an individual, EBCH shall meet one of the two reasonable efforts described in this policy.

### ***1. REASONABLE EFFORTS METHOD #1 - NOTIFICATION EFFORTS AND REASONABLE AMOUNT OF TIME***

- EBCH will make reasonable efforts to notify individuals of any balances due or past due prior to taking any ECA.
- If an individual submits a completed charity care application, EBCH shall cease all collection cycle efforts until a determination of charity care eligibility is made.
- If EBCH or another authorized party has already begun extraordinary collection action against an individual when that individual submits a complete charity care application, the extraordinary collection action shall be suspended. This means that no new extraordinary collections actions are initiated, and no further steps are taken on a previously existing collection action. This suspension may be lifted after EBCH determines the individual's eligibility for charity care and notifies the individual as follows:
  - Upon determination of eligibility, EBCH will notify the responsible party within 30 days.
  - If an individual is determined to be eligible for a partial discount, EBCH will provide the individual with documentation that indicates the amount the individual owes.
  - In the event EBCH denies the charity care application, EBCH shall notify the individual of the denial and the basis for denial, within 30 days.
- If EBCH or another authorized party has already begun an extraordinary collection action against an individual when that

individual is determined to be eligible for charity care under this policy, EBCH and/or the other authorized party shall take all reasonably available measures to reverse the extraordinary collection action.

- e. EBCH shall not take any extraordinary collection actions against an individual within 120 days of the date that the first post-discharge billing statement is sent to the individual.
- f. At EBCH discretion, a single collection action may be taken to obtain payment for multiple episodes of care. However, in such situations, an extraordinary collection action shall not be taken within 120 days of sending the first post-discharge billing statement for the most recent episode of care included in the extraordinary collection action and within 30 days of sending the final notice to inform the individual of collection actions that may be taken.
- g. At least 30 days prior to taking any extraordinary collection action against an individual to obtain payment for an episode of care, EBCH or its agent shall provide the individual with a written notice that includes the following information:
  - i. Charity Care – Financial Assistance Program (FAP) is available for eligible individuals.
  - ii. The extraordinary collection actions that EBCH intends to initiate for payment of care.
  - iii. A deadline after which extraordinary collection actions may be initiated.
- h. The Finance Team shall have the final authority and responsibility to determine whether EBCH has made reasonable efforts to determine whether an individual is eligible for charity care under this policy and therefore may engage in extraordinary collection actions against that individual.
  - i. If an individual has made partial payment, and the individual is subsequently determined to qualify for charity care under this policy, any payments in excess of their newly calculated remaining liability shall be refunded to the patient within 30 days of the charity care eligibility determination. If the refundable amount is less than \$10.00, EBCH may not issue the refund.

## **2. *REASONABLE EFFORTS METHOD #2 – PRESUMPTIVE ELIGIBILITY***

- a. Before sending an account to a collection agency, EBCH may use information provided by an outside agency or vendor to determine eligibility and potential financial assistance. These agencies may use publicly available and purchased transaction data to estimate a guarantor's financial profile and household size.

Examples of such data are census data, birth certificates, marriage licenses, legal notices, bankruptcy filings, automobile registrations, property tax records, as well as point-of-sales transactions data that retailers and credit card companies make available for purchase to presumptively determine whether that individual may be eligible for financial assistance under EBCH's financial Assistance Policy.

- b. If the individual is presumptively determined to be eligible for a 100% discount (complete write-off) under EBCH's Financial Assistance Policy, EBCH shall inform the individual of that decision and no further actions will be taken in relation to medical services to which this financial assistance applies.
- c. If the individual is presumptively determined to be eligible for a partial discount under EBCH's Financial Assistance Policy, EBCH shall inform the individual within 30 days of the following information:
  - i. The level of financial assistance for which the individual qualified
  - ii. More generous assistance may be available if the individual were to complete a financial assistance application; and
  - iii. How to apply for financial assistance under EBCH's Financial Assistance Policy.
  - iv. EBCH shall allow 30 days from notification for the individual to submit a completed financial assistance application for partial discount.
- d. If the individual is presumptively determined to be ineligible for financial assistance under EBCH's Financial Assistance Policy, EBCH shall meet reasonable efforts method #1 as described above, before taking any extraordinary collection actions against the individual.

### **General Collection Process**

- 1. Patients are expected to cooperate with EBCH to bill the insurance company and must cooperate in a reasonable manner to provide required information.
- 2. Patients or their guarantors are responsible for understanding their insurance coverage.
- 3. EBCH will comply with billing procedures regarding timely and accurate submission of claims to all known third-party insurance payers.
- 4. EBCH shall not refer any bill to a collection agency or attorney for collection activity while a claim is pending payment with a third-party payer with which EBCH has a contract.
- 5. EBCH may proceed with reasonable collection efforts following an initial denial by the third-party payer. Such efforts can include referral to an external collection agency or debt litigation attorney.
- 6. Minnesota Medical Assistance will be checked prior to submitting the account for extraordinary collection actions.

### **Communication**

- 1. Ely-Bloomenson Community Hospital will have the Billing and Collections Policy available on its website at [www.ebch.org](http://www.ebch.org)

2. Paper copies of this document are available upon request and without charge by mail.
3. EBCH will notify patients of the balance due and allow a minimum of 120 days prior to taking ECA.
4. If an individual has not been sent a statement for self-pay portion of services within one year from the date of service, the balance will be adjusted.

### **Uninsured Discount**

1. EBCH will not charge a patient for any uninsured treatment in an amount greater than the amount which the hospital would be reimbursed for that service or treatment from its most favored insurer.
2. The Uninsured Discount will be applied to all self-pay balances prior to sending the patient a statement.
3. The discount rate will be evaluated on each January 1<sup>st</sup> based on the payer discount rates for the previous calendar year's activity
4. If insurance is later added to the account and payment received, the Uninsured Discount will be reversed.
5. The patient has the option of applying for financial assistance.

### **Payment Guidelines**

1. Either at the time of billing, or after all identified insurance payments have been received and posted, any remaining patient liability will be transferred to the patient responsibility category.
2. EBCH will provide a detailed itemized bill upon request.
3. EBCH reserves the right to limit in-house payment plans.
4. See Attachment A for our Prompt Pay Policy information.
5. For patient payment plans, below are the minimum monthly payments:
  - a. \$500 and Under - \$25.00 minimum
  - b. \$501 - \$1,000 - \$50.00 minimum
  - c. \$1,001 - \$2,000 - \$75.00 minimum
  - d. \$2,001 - \$5,000 - \$100.00 minimum
  - e. \$5,001 and over, or unable to pay within 36-month timeframe, talk to a member of the Finance Team for payment arrangements
  - f. Payment plan exceptions will be authorized on a case-by-case basis and approved by the Finance Team.
6. When additional visits are billed, payment plans will be reevaluated.
7. When a payment plan is established with the Finance Team a payment plan confirmation letter will be sent to the patient.

### **Bad Debt Assignments**



1. It is expected that the patient will make arrangements to satisfy their patient liability during the normal collection cycle.
2. Patients complying with a mutually agreed upon payment plan will not be referred to a collection agency.
3. Neither EBCH nor its employees will engage in extraordinary collection activities (ECA's) before reasonable efforts to determine FAP eligibility is made.
4. EBCH will not refer any patient's account to a collection agency or debt litigation attorney until it has confirmed that:
  - a. The patient or guarantor owes the debt.
  - b. All third-party payers have been billed.
  - c. The patient has been offered payment options.
  - d. The patient/guarantor has been made aware of the financial assistance program, has been offered an application, and the offer of assistance to complete the application.
  - e. If the FAP application has been submitted, collection activity will be suspended for 30 days allowing time for application processing.
5. If the patient requests to speak to a EBCH employee or seeks information about their bill or any financial assistance program after their account has been placed with an outside agency for collection, the outside agency will provide the name and phone number of a EBCH employee who can assist the patient.
6. Any patient liability not resolved through the completion of the collection cycle is eligible for classification as a bad debt and referral to a collection agency and legal action.
7. The Finance Team is responsible for the review of accounts and agency assignments.
8. Bad debt accounts will meet all the following criteria:
  - a. Attempts have been made to contact the patient or guarantor by mail or telephone.
  - b. Patient or guarantor has not responded during the collection cycle in a timely and responsible manner or has defaulted on a payment arrangement.
  - c. There are no known circumstances which would justify reconsideration for financial assistance.
9. Approval for bad debt write offs are authorized by the Finance Team,
10. Collection agency activity will be reviewed, monitored and reported by the Finance Team. This will include, at a minimum:
  - a. A written log of all oral and written complaints made by any patient will be maintained by the collection agency(ies) and submitted to EBCH at least every 60 days for review. The log shall include the date, time and purpose of the communication.
  - b. The collection agency shall produce monthly actuarial reports reflecting collection activity.

### **Legal Action**

1. Bad debt accounts may be assigned to outside collection attorneys for potential legal process at the discretion of the Finance Team.
2. All account activity and potential account settlements will be monitored for compliance with EBCH's policy by the Finance Team.
3. All account activity and potential account settlements will be monitored for compliance.
4. Any settlement that requires a discount will be reviewed by the Finance Team.

**Reporting/accountability**

1. EBCH will have written agreements with any outside collection agency which defines the standards and scope of practices to be followed in resolving outstanding patient liabilities.
2. EBCH will annually audit their collection agency systems to assure compliance with EBCH's policies and procedures.
3. The Board of Directors shall review the activities of its internal and external collection efforts in accordance with applicable state and federal requirements.
4. The Hospital CFO will review the activities of contracted collection agencies each year and will determine whether or not to renew the hospital contract(s) with the collection agencies.

**ATTACHMENTS:**

Attachment A – Prompt Pay Policy

**COORDINATION:**

Finance Team

**APPROVED:**

CFO: Broke MacL Revenue Management Patient Access Team leader

CEO: Peter Borchs

CHAIRMAN/BOARD OF DIRECTORS: Timothy P Riley

## ATTACHMENT B

### **Ely-Bloomenson Community Hospital (EBCH) Prompt Pay Policy**

EBCH offers a prompt pay discount (which is intended to reduce collection expenses) to patients who pay outstanding balances within a predefined period of time.

- 5% if paid within 30 days of receiving the first billing statement.
- Patients/Guarantors may request the prompt pay discount