



Title:	EBCH Billing and Collection Policy
Department/Committee:	Finance
Effective Date:	03/05/2025
Document Type:	Policy

PURPOSE:

This policy describes how EBCH will seek to resolve outstanding guarantor liabilities.

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. Please see Attachment B to see how this is calculated.

Bad Debt: Account status for any unresolved patient or guarantor 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 or guarantor liabilities in full. Unpaid balances after completion of the collection cycle may be classified as 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 or guarantor 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 or guarantors as charity care based on 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 reduction in the amount billed to patients who do not have health insurance.

Affidavit of Expert Review: A signed document supporting there is a reasonable basis to believe that the guarantor owes the debt, all known third-party payors have been properly billed by the hospital, such that any remaining debt is the financial responsibility of the guarantor, and the hospital will not bill the guarantor for any amount that an insurance company is obligated to pay, the patient and or guarantor has been given a reasonable opportunity to apply for charity care, if the facts and circumstances suggest that the patient and or guarantor may be eligible for charity care, and the hospital has offered the patient or guarantor a reasonable payment plan.

SCOPE:

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

POLICY STATEMENT:

EBCH will seek to resolve outstanding patient or guarantor 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.

Policy:

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

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.

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.

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.

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.

At EBCH's 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.

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:

Charity Care – Financial Assistance Program (FAP) is available for eligible individuals.

The extraordinary collection actions that EBCH intends to initiate for payment of care.

A deadline after which extraordinary collection actions may be initiated.

EBCH shall have the final authority and responsibility to determine whether reasonable efforts have been met. If reasonable efforts have been met EBCH may engage in extraordinary collection actions against that individual.



REASONABLE EFFORTS METHOD #2 – PRESUMPTIVE ELIGIBILITY

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.

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

Patients or guarantors are expected to cooperate with EBCH to bill the insurance company and must cooperate in a reasonable manner to provide the required information.

Patients or their guarantors are responsible for understanding their insurance coverage.

EBCH will comply with billing procedures regarding timely and accurate submission of claims to all known third-party insurance payers.

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.

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.

Minnesota Medical Assistance will be checked prior to submitting the account for extraordinary collection actions.

An affidavit of expert review will be completed prior to referring a debt to a third-party collection agency.

Communication

EBCH will have the Billing and Collections Policy available on its website at www.ebch.org

Paper copies of this document are available upon request and without charge by mail.

EBCH will notify patients or guarantors of the balance due and allow a minimum of 120 days prior to taking ECA.

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

EBCH offers discounts to patients or guarantors who are uninsured and who require medically necessary health care services.

EBCH will not charge a patient or guarantor 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. See Attachment B for details on how this rate is calculated annually.

The Uninsured Discount will be applied to all self-pay accounts based on 100% of gross charges for services received upon initial billing and will appear on the patient's or guarantor's statement.

EBCH will make a reasonable effort to determine whether the patient or guarantor is eligible for an uninsured discount for medically necessary services before any collection efforts are initiated.

If insurance is later added to the account and payment received, the Uninsured Discount will be reversed.

The patient or guarantor has the option of applying for financial assistance.

Payment Guidelines

Either at the time of billing, or after all identified insurance payments have been received and posted, any remaining patient or guarantor liability will be transferred to the guarantor responsibility category.

EBCH will provide a detailed itemized bill upon request.

EBCH reserves the right to limit in-house payment plans.

See Attachment C for our Prompt Pay Policy information.

For payment plans, below are the minimum monthly payments:

- \$500 and Under - \$25.00 minimum
- \$501 - \$1,000 - \$50.00 minimum
- \$1,001 - \$2,000 - \$75.00 minimum
- \$2,001 - \$5,000 - \$100.00 minimum
- \$5,001 and over, to be paid within 36-month time frame. If unable to pay within a 36-month timeframe, the individual will need to be referred to a member of EBCH to discuss possible payment plan exceptions.

Payment plan exceptions will be approved on a case-by-case basis and approved by the CEO.

When additional visits are billed, payment plans will be reevaluated. EBCH will require patient permission to add new accounts to any active payment plans.



When a payment plan is established, a payment plan confirmation letter will be sent, unless requested otherwise by the patient.

Bad Debt Assignments

It is expected that the patient or guarantor will make arrangements to satisfy their liability during the normal billing cycle.

Patients or guarantors complying with a mutually agreed upon payment plan will not be referred to a collection agency.

Neither EBCH nor its employees will engage in extraordinary collection activities (ECA's) before reasonable efforts to determine FAP eligibility are made.

EBCH will not refer any patient's or guarantor's account to a collection agency or debt litigation attorney until it has confirmed that:

The patient or guarantor owes the debt.

All third-party payers have been billed.

The patient or guarantor has been offered payment options.

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.

If the FAP application has been submitted, collection activity will be suspended for 30 days allowing time for application processing.

If the patient or guarantor 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 individual. Any 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.

EBCH is responsible for the review of accounts and agency assignments.

Bad debt accounts will meet all the following criteria:

Attempts have been made to contact the patient or guarantor by mail or telephone.

Patient or guarantor has not responded during the billing cycle in a timely and responsible manner or has defaulted on a payment arrangement.

There are no known circumstances which would justify reconsideration of financial assistance.

There will be a signed affidavit of expert review on file for any accounts referred to collections with a date of service on or after 11/01/2023 certifying the above criteria has been met.

Approval for bad debt write-offs will be authorized by the EBCH.



Collection agency activity will be reviewed, monitored, and reported to EBCH. This will include, at a minimum:

A written log of all oral and written complaints made by any patient or guarantor 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.

The collection agency shall produce monthly actuarial reports reflecting collection activity.

Legal Action

Bad debt accounts may be assigned to outside collection attorneys for potential legal processes at the discretion of EBCH.

All account activity and potential account settlements will be monitored for compliance with EBCH's policy.

All account activity and potential account settlements will be monitored for compliance.

Any settlement that requires a discount will be reviewed by the CFO and or the CEO.

Reporting/accountability

EBCH will have written agreements with any outside collection agency which will define the standards and scope of practices to be followed in resolving outstanding patient liabilities.

EBCH will annually audit their collection agency systems to assure compliance with EBCH's policies and procedures.

The Board of Directors shall review the activities of its internal and external collection efforts in accordance with applicable state and federal requirements.

EBCH will review the activities of contracted collection agencies each year and will determine whether to renew the hospital contract(s) with the collection agencies.

ASSOCIATED DOCUMENTS:

EBCH Financial Assistance Policy

ATTACHMENTS:

Attachment A – Hospital Amounts Generally Billed Calculation and Information

Attachment B – Uninsured Discount Calculation

Attachment C – Prompt Pay Discount



APPROVAL

CEO: _____ Date: _____

CFO: _____ Date: _____

Board Chair: _____ Date: _____



ATTACHMENT A

Hospital Amounts Generally Billed Calculation and Information

EBCH will consider all balances owed by a patient, including those that have been referred to ECA, and medically necessary care. An individual who is determined to be eligible for financial assistance under this policy shall not be required to pay more than the amounts generally billed to individuals who have insurance covering such care.

EBCH calculates a single AGB limit to apply to all uninsured individuals who qualify for financial assistance. The AGB limit is calculated using the lookback method for the last fiscal year. This is reviewed annually.



ATTACHMENT B

Uninsured Discount Calculation: This discount is calculated using the allowed reimbursement from the most favored non-governmental third-party payer over the previous calendar year. The discount rate is then applied to the self-pay balance of uninsured patients, ensuring they are not charged more than what the most favored payer would pay for the same services. This is calculated annually.



ATTACHMENT C

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

- 5% if paid within 30 days of receiving the first billing statement.
 - Exceptions can be made by a Team Leader, Director, or the Chief Financial Officer.
- Patients/Guarantors may request a prompt pay discount.