

Subject: Patient Bad Debt Assignments Department: Business Office	Policy Number: 135 B	
	New Revised X Reviewed	
Executive Sponsor: Kenneth G. Landau, Chief Financial Officer	Policy Owner: Business Office Manager	
Approved by: Lower Umpqua Hospital District Board	Effective Date:	

Scope:

This policy applies to patient liabilities where internal collection efforts have not resulted in full payment according to the established timeframe and processes. This policy applies to Lower Umpqua Hospital District and its affiliates that provide healthcare services (collectively known as “Lower Umpqua Hospital District”).

Purpose:

Lower Umpqua Hospital District (LUHD) is a municipal district and not-for-profit healthcare organization guided by a commitment to serve all in its community. The purpose of this policy is:

- A. To ensure compliance by Lower Umpqua Hospital District for bad debt collections with regulatory requirements including Medicaid and Medicare state and federal regulations as well as Internal Revenue Code 501 (r).
- B. To ensure LUHD makes reasonable efforts to make the patient aware of financial assistance before assigning an account to bad debt.
- C. To assure LUHD makes reasonable efforts to screen the patient for financial assistance eligibility prior to assigning an account to bad debt.

Definitions:

For the purposes of this policy the following definitions and requirements apply:

- A. Financial Assistance Policy(FAP) is LUHD’s Charity Care/Financial Assistance Policy, as supplemented and clarified by state and regional Financial Assistance (Charity Care) Policies, providing free or discounted services for eligible patients in accordance with relevant regulatory requirements.
- B. Extraordinary Collection Action (ECA's) are defined as those actions requiring a legal or judicial process, involve selling a debt to another party or reporting adverse information to credit agencies or bureaus. The ECA's that require legal or judicial process for this purpose include a lien;

foreclosure on real property; attachment or seizure of a bank account or other personal property; commencement of a civil action against an individual; actions that cause an individual's arrest; actions that cause an individual to be subject to body attachment; and wage garnishment.

C. Plain Language Summary is a written statement to communicate that LUHD offers financial assistance under the FAP for inpatient and outpatient hospital services and contains the information required to be included in such a statement under the FAP.

D. Escalated patient complaint is a scenario in which a patient is dissatisfied with the resolution and/or handling of their account(s) and requests to have someone at a higher level of authority resolve the complaint.

E. Account is an account receivable resulting from a patient visit/encounter at LUHD and related entities.

F. Bad Debt is a self-pay balance that has remained unpaid following reasonable internal collection effort consistent with this policy.

G. Responsible party is the patient or guardian responsible for the payment of services incurred at LUHD facilities.

Policy:

To ensure the best possible experience relating to collection efforts for patient liabilities, LUHD has developed this policy to facilitate consistent and quality approaches for bad debt assignments. This policy shall be interpreted in a manner consistent with Internal Revenue Code 501 (r), as amended. In the event of a conflict between the provisions of such laws and this policy, such laws shall control.

Requirements:

1. LUHD will not sell debt to a third party. A statement will be sent to the responsible party following completion of all 3rd party activities. The responsible party will receive four statements over 120 days from the date of the first statement in an attempt to resolve the account balance. If the guarantor does not respond LUHD will transfer the account to a bad debt collection agency
2. An account will not be assigned to a bad debt collection agency during the screening process or while the patient's financial status or application for insurance or financial assistance is under review or in process, or during the pendency of an appeal from a determination of charity care sponsorship status. Prior to placement of an account with a bad debt collection agency, LUHD will make reasonable efforts to inform patients, collect patient liabilities, and screen for charity eligibility in accordance with regulatory requirements and the LUHD FAP. This may include:
 - a. Providing billing statements with a conspicuous written notice to inform patients about the availability of financial assistance, as well as a direct phone number and website address where applications, policies, plain language summaries, and translation services may be obtained including a statement that nonprofit counseling services may be available in the area.
 - b. Assuring availability of a plain language summary of the LUHD FAP with at least one (1) post-discharge communication as part of the intake or discharge process.
 - c. Screening the account for financial assistance in accordance with the LUHD FAP.

- d. Assuring bad debt collection agencies to which accounts may be assigned are compliant with Medicaid and Medicare state and federal regulations as well as 501 (r) requirements, including being licensed as a debt collector, as may be required under state law, and that the agencies will not engage in ECAs, including but not limited to commencement of legal actions against patients.
 - e. Assuring adequate encryption of Protected Health Information (PHI) for any patient information provided to a bad debt collection agency to which accounts may be assigned.
 - f. Prior to assigning an account to a bad debt collections agency, LUHD will send the patient a notice of certain information related to such bad debt (e.g., date(s) of service and amounts of the bill).
3. Requirements for bad debt collection agencies to which LUHD accounts are assigned:
- a. Generally, accounts will stay with the primary bad debt vendor until the account is deemed uncollectible or up to three hundred and sixty-five (365) days from placement, whichever comes first; however, LUHD may choose at any time and for any reason to recall accounts and may resolve such accounts internally or place returned accounts with a secondary or tertiary bad debt placement agency. Accounts deemed uncollectible will be returned to LUHD on a monthly basis, not to exceed 365 days in total. Accounts over 365 days, which are on an active payment plan, may remain with the agency until resolution
 - b. The collection agency must follow all appropriate regulations including the Fair Debt Collection Practices Act, (FDCPA) 1, the Telephone Consumer Protection Act (TCPA) 501 (r) and any other applicable state or federal regulations. Specifically, regarding state and federal regulations, the agency:
 - i. Must also ensure that no ECA's are taken without specific written approval from LUHD.
 - ii. Must suspend collection efforts if notified by LUHD that the patient submitted a FAP application after the assignment, and thereafter follow LUHD's instructions regarding the account.
 - iii. Must report any patient escalated complaints received to LUHD.
 - iv. Must not re-assign the account to another agency without LUHD's express approval.
 - c. Where the bad debt collection agency identifies that the patient has filed bankruptcy, the agency must notify LUHD.
 - d. The collection agency will not sell bad debt.
 - e. The collection agency will not (a) use or threaten to use force or violence to cause physical harm to the patient or the patient's family or property; (b) threaten arrest or criminal prosecution; (c) threaten to seize, attach, or sell a patient's property if doing so requires a court order; (d) use profane, obscene, or abusive language in communications with the patient concerning the nature or existence of the debt; or (f) conceal the true purpose of the collections-related communication; (g) communicate with the patient's employer
4. The collection agency must agree to return, and LUHD will accept, any account in which the balance has been determined to be incorrect due to the availability of a third-party payer, or the

patient is eligible for charity care or financial assistance. If a patient has paid on an account and is subsequently found to have met financial assistance criteria, LUHD will refund appropriate amounts to the patient or responsible party in accordance with any applicable state law.

5. Neither LUHD nor any collection agency will:
 - a. Charge interest on the patient's medical debt.
 - b. Attempt to collect a medical debt from a patient's child or other family member who is not financially responsible for the debt, if prohibited by state law.

References:

Internal Revenue Code Section 501(r); 26 C.F.R. 1.501(r) (1) - 1.501(r) (7)

42 C.F.R. 482.55

47 U.S.C. §227 (TCPA)

LUHD Policy for Financial Assistance

Attachments:

None