Mayo Regional Hospital

Hospital Administrative District #4

Policy Name: Billing and Collections Policy

Policy #: PFS.POL.10

Approval Date: 08-18

Approvers: Board of Directors

Reviewers: Chief Financial Officer, Manager of Patient Financial Services and Budget and Finance Committee

Applicable to: Mayo Regional Hospital

Compliance:

Forms:

PURPOSE

The purpose of this Policy is to establish a procedure for billing and for collecting patient accounts, including those that have become delinquent due to lack of payment from the patient or responsible party.

POLICY STATEMENT

Mayo Regional Hospital ("the Hospital") strives to bill insurers for rendered patient services in a timely and accurate manner. The Hospital also strives to collect all self-pay patient accounts in a timely manner. The Hospital utilizes a series of billing statements and the services of collection agencies to accomplish this.

It is the policy of Mayo Regional Hospital to comply with Section 501(r) of the Internal Revenue Code and to implement the regulations with respect to the Hospital's billing and collection activities.

DEFINITIONS

Amounts Generally Billed ("AGB"): As used in this Policy, AGB shall have the same meaning given this term in the FAP.

Extraordinary Collection Actions ("ECAs"): The following actions taken by the Hospital, or an authorized contractor or agent of the Hospital, against an individual related to obtaining payment for a bill for care covered under the FAP:

A. Selling an individual's debt to another party;
B. Reporting adverse information to a consumer credit reporting agency or credit bureau;
C. Deferring or denying, or requiring payment before providing, medically necessary care because of nonpayment of one or more bills for previously provided care under the Hospital's FAP;
D. Actions that require legal or judicial process, including but not limited to:
1) Placing a lien on property;
2) Foreclosing on real estate;
3) Attaching or seizing a bank account or other property;
4) Commencing a civil action;
5) Causing an arrest;
6) Causing the issuance of a writ of body attachment;
E. Other actions that are ECAs under 26 C.F.R. § 1.501(r)-6(b).

The following activities are not ECAs:

1) Liens the Hospital would be allowed to assert under state law on the proceeds of a judgment, settlement, or compromise as a result of personal injuries for which the Hospital provided care; and
2) The filing of any claim in a bankruptcy proceeding.

Financial Assistance Policy ("FAP"): The Hospital's Financial Assistance Policy (PFS.POL.06), as amended from time to time.

Physician Practices: The group of Rural Health Centers and specialty office practices owned and operated as departments of the Hospital.

Pre-Collect(ion) Activities: Generally, statement production and other methods of making patient contact for the purposes of obtaining payment on a self-pay balance that occur during the time between when a self-pay balance or account becomes self-pay and a potential assignment of the account balance to a collection agency.

PROCEDURE

I. Billing:

A. Patients shall be registered in the Hospital's information system in a manner that ensures the capture of the information necessary to effectively provide care and to professionally bill for services rendered.
B. After services are rendered, the patient's or guarantor's insurance (if any) shall be billed.
C. The Hospital will make reasonable efforts to collect from an insurance carrier prior to billing the patient for services rendered. If, after reasonable efforts are made to collect from the insurance carrier, no insurance payment has been received, the hospital shall seek assistance from the patient

to contact the insurance carrier and resolve the outstanding claim. If these efforts are not successful, then the account may be changed to a self-pay account.
D. If the patient has no insurance and was registered as self-pay, the account will be followed up on in accordance with this policy and the Hospital's FAP.

II. Pre-Collection Activities:

A. After an account, or any portion of such account, is deemed to be self-pay, the Hospital will make every reasonable effort to inform the patient of the availability of the Financial Assistance Program. Any self-pay balances remaining after the processing of the account in accordance with the FAP policy will be assigned to a designated agent for patient Pre-Collection Activities.
B. After processing self-pay account balances in accordance with the FAP policy, accounts that are deemed to be self-pay will receive up to four statements and one final letter/notice or notices asking that the account balance be paid.
C. After exhausting reasonable efforts over a period of a minimum of 120 days and up to 150 days to collect a self-pay balance, the Hospital may refer the account to a collection agency. Such referral shall not be deemed to be an Extraordinary Collection Action (ECA).
D. Procedures:
1) Hospital Accounts: The Hospital may utilize a third party vendor to manage its claim statement process. Patient statements are sent according to the frequency established by the Hospital, beginning the day of discharge for self-pay patients, and following payment from insurance for patients with insurance. For hospital statements, this frequency is as follows:
a) Patient balances under $5.00 (i.e. small balance) are not pursued for collection.
b) If the patient balance is $5.00 and over, four statements are sent, with the final statement going out on or about day 90. The first statement is informational and explains expected insurance payments and patient responsibility. Once the account balance has been designated as self-pay, cycle statements will be issued to the patient at 30 day intervals until the account balance is fully resolved. If payment or payment arrangements are not made within 30 days of the third cycle statement (on or about day 120), the Hospital will send a letter that:
i. informs the patient that the account will be sent to collection in 30 days if payment or arrangements are not made, and
ii. that the collection agency may report the outstanding balance to the appropriate credit agencies.

If payment or payment arrangements are not made by this time (on or about day 150), the account is marked for collection. However, no accounts may be marked for collection or a report be made to a credit reporting agency unless all requirements under this policy are met.

c) Physician Office Accounts: The Physician Practices may use an outside third party vendor to manage the statement process. Once an account balance has been designated as self-pay, cycle statements will be issued to the patient at 30 day intervals for a total of three statements over 90 days or until the account balance is fully resolved. If payment or payment arrangements are not made within 30 days of the third cycle statement (on or about day 120) the Physician Practice will send a letter that will be consistent with the content described in Section II.D.1.b above.

III. Payment Arrangements and Prompt-Pay Discounts

A. Patients may make payment arrangements for accounts. Accounts that are under payment arrangements are sent monthly statements. If payments are made on a monthly basis as agreed, an account is considered current. Upon 30 days without a payment, an account would begin to move through the statement and collection process as described in Section II.D.; provided, however, that no account may be marked for collection unless all requirements under this Policy are met.
B. Guidelines for payment arrangements:
1) Account balances not covered under the FAP are expected to be paid in full unless payment arrangements are made with Patient Financial Services.
2) Accounts with payment arrangements are expected to be paid within 24 months. For example: If the account balance is $1,700, the minimum payment is $71 for 24 months. Payments are rounded to the nearest whole dollar and there will be no interest charges.
3) Accounts with a balance of $1,000 and up will have a minimum monthly payment plan covering a 24 month period.
4) The minimum monthly payment on any account is $25.00 per month.
5) Consolidation of accounts may occur on any account balance. In order for consolidation to occur, new payment arrangements must be made with an increase in payment in accordance with the approved payment schedules.
6) Employees of Mayo Regional Hospital may make payment arrangements on hospital accounts through the payroll deduction process. This can be initiated through the Patient Financial Counselor.
7) Alternative payment arrangements may be made at the discretion of the Revenue Cycle Director or Patient Financial Services Supervisor upon request of the patient.
C. Prompt pay discounts are routinely offered. MRH Policy No. PFS.POL.11, Discounts and Payment Arrangements, describes guidelines for offering prompt pay and other discounts.

Discounts will not be applied to accounts that have been placed with collection agencies except in the case of settlements and will only be granted by the CFO.

IV. Collection Activities: In both the Hospital and Physician Practices, accounts are written off and placed with collection agencies on a periodic basis according to statement frequency guidelines and this policy. Hospital accounts are divided into four cycles for statement processing and the processing of accounts to be written off occurs on one cycle each week of the month in the Hospital's information system. The Physician Practice information system processes write-offs once a month.

V. Initiating ECA's: Prior to engaging in any ECA against a patient (or any individual who has accepted or is required to accept responsibility for the patient's bill) to obtain payment for care, the Hospital shall take steps to determine whether the individual is FAP-eligible for the care as provided under subsections A or B below.

A. Presumptive FAP-Eligibility Determinations Based on Third-Party Information or Prior FAP-Eligibility Determinations

With respect to any care provided by the Hospital to an individual, the Hospital may determine that an individual is FAP-eligible based on information other than that provided by the individual or based on a prior FAP-eligibility determination. If the individual is presumptively determined to be eligible for assistance less than free care under the FAP, the Hospital shall:

1) Notify the individual regarding the basis for the presumptive FAP eligibility determination and the way to apply for more generous assistance under the FAP;
2) Give the individual a reasonable period of time to apply for more generous assistance before initiating ECAs to obtain the discounted amount owed for the care; and
3) If the individual submits a complete FAP application seeking more generous assistance during the reasonable period of time, determine whether the individual is eligible for a more generous discount and take the steps under Subsection II.B.4.

If the individual fails to apply for more generous assistance within the reasonable period of time, the Hospital may engage in ECAs.

B. Notification and Processing of a FAP Application

The Hospital shall make reasonable efforts to notify patients of its FAP and will process FAP applications under this Subsection as follows:

1) The Hospital and its associated Physician Practices shall refrain from engaging in any ECA until at least 150 days after the Hospital provides the first post-discharge billing statement for the care (or multiple episodes of care); and
2) At least 30 days before initiating an ECA to obtain payment for the care, the Hospital shall:
a) Provide the individual, in a clear and conspicuous manner, with a plain language summary of the FAP and a written notice that
i. indicates financial assistance is available for eligible individuals,
ii. identifies the ECAs that the Hospital (or the Hospital's representative) intends to initiate to obtain payment for the care, and
iii. states a deadline after which such ECAs may be initiated that is no earlier than 30 days after the date that the written notice is provided; and
b) Make a reasonable effort to orally notify the individual about the Hospital's FAP and about how the individual can obtain assistance with the FAP application process; and
3) In the case that an individual submits an incomplete FAP application by the application deadline, the Hospital shall:
a) Notify the individual in writing about how to complete the FAP application and provide a phone number and location of the Patient Financial Counselor; and
b) Not initiate, or take further action on previously-initiated, ECAs until the individual has failed to respond to requests for additional information and/or documentation within a reasonable period of time, or if the individual completes the FAP application, the Hospital has determined whether the individual is FAP-eligible; and
4) In the case that an individual submits a complete FAP application by the application deadline, the Hospital shall:
a) Not initiate, or take further action on previously-initiated, ECAs;
b) Make a determination as to whether the individual is FAP eligible for the care and notifies the individual in writing of this eligibility determination and the basis for this determination; and
c) If it is determined that the individual is FAP-eligible:
i. If the individual is eligible for assistance other than free care, provide the individual with a billing statement that indicates the amount the individual owes and how that amount was calculated and that states, or describes how the individual can get information regarding the AGB for the care;

ii. Refund to the individual any amount paid for the care that exceeds the amount the individual is determined to owe as a FAP-eligible individual, unless such excess amount is less than $5 (or such other amount set by notice or other guidance by the IRS); and
iii. Take all reasonably available measures to reverse any ECA taken against the individual to obtain payment for the care. Such measures may include, but are not limited to, vacating any judgment against the individual, releasing a lien, and removing adverse information reported to a credit bureau.
iv. If after receiving a FAP application the Hospital believes that the individual may qualify for Medicaid, the Hospital may postpone determining whether the individual is FAP-eligible until after the individual's Medicaid application has been completed and submitted and a Medicaid determination has been made.

C. Other Procedures

1) An account with a collection agency shall generally be pursued up to 180 days unless, after consulting with the Hospital, it is determined to maintain an account beyond that timeframe.
2) If it is determined that the account requires an ECA, and such account meets the requirements of 501R, including but not limited to waiting a minimum of 150 days after the first post-discharge bill to commence ECA activities, the agency shall notify the patient in writing a minimum of 30 days prior to commencing ECA.
3) Such notification shall include a copy of the Hospital's plain language summary of the FAP along with a statement as to which ECA's the agency may be taking.
4) If within the 30-day notice period, the patient requests financial assistance, and the account is not older than 240 days from the first post discharge bill, then the patient shall be given 10 days to apply for financial assistance before ECA may be initiated.
5) In the event ECA has been initiated and the account is not older than 240 days from the first post-discharge billing date and the patient requests financial assistance, then the ECA will be suspended for up to 10 days to allow for the patient to apply for financial assistance. (The first post-discharge bill shall be the first bill a patient receives for services regardless of whether services are ongoing).

D. ECA's that the Hospital or its agents may take include:

- Reporting adverse information to a credit reporting agency
- Placing a lien on property
- Foreclosing on property
- Attaching or seizing a bank account or property
- Garnishing wages
- Deferring, denying or requiring payment for non-emergency medically necessary care when there is non-payment of previously provided care.

VI. Reasonable Efforts: The Revenue Cycle Director in coordination with the CFO will ensure that the Patient Financial Counselor and other staff as assigned have executed reasonable efforts to determine if an individual is FAP-eligible in accordance with this Policy before the Hospital engages in the above approved ECAs. Refer to the Financial Assistance Policy for further details.

VII. Discounts other than those described in this policy, the Financial Assistance Policy, or the Discounts and Payment Arrangements Policy may be considered on a case by case basis by the CFO and payment must be made within 30 business days of the completion of the arrangement.

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References: