

GEORGE E. WEEMS MEMORIAL HOSPITAL

Bad Debt Collection Policy

Purpose

To define the policy for billing and collection of self-pay accounts receivable and to ensure reasonable collection efforts are administered. This policy assumes that the outstanding balance pursued is owed by the patient / guarantor.

Definitions

- Agency Placement- Outside collection agencies are used to collect accounts in Bad Debt Collection Status. When an account is in Bad Debt Collection Status, it has not been deemed totally worthless and uncollectible. After the lesser of either the Outside Collection Agency exhausting all avenues for collection or 120 days from placement have elapsed with no reasonable activity, the account will be returned to George E. Weems Memorial Hospital and deemed totally uncollectible. The account will then be moved to Bad Debt Status.
- Group Policy- The insurance policy purchase on behalf of the Guarantor by a larger (typically employer) group.
- Guarantor- The person who is financially responsible for the patient's bill
- Patient Responsibility- Any balance due where the financially responsible part is the patient or patient's guarantor and not a third-party payer, also known as "Self-Pay".
- Patient Statement or Statement- A bill for services rendered. This can be a summary of activity or a detailed bill, listing each charge and applicable credit on a patient account.

Policy / Procedure

- Payment on accounts will be pursued consistently, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity or expression, disability, education, employment or student status, disposition, relationship, insurance coverage, community standing, or any other discriminatory differentiating factor.
- Every guarantor will be given reasonable time and communication to be aware and understand their financial responsibility. The guarantor will be held financially

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responsible for services provided and adequately documented. Understanding each guarantor's insurance coverage is the responsibility of the guarantor. Any self-pay liability secondary to insurance coverage is defined by the guarantor's group policy. WMH will rely on the insurance carrier for identifying self-pay balances.

- A statement of hospital and / or physician services is sent to the patient / guarantor in incremental billing cycles. Billing representatives may attempt to contact the patient / guarantor via telephone, mail, collection letter or email during the statement billing cycle in order to pursue collections. Collection efforts are documented on the patient's account.
- When all feasible collection efforts have been exhausted on an account and it has been determined that the balance is uncollectible, the account should be identified as a bad debt account and will go into a "collection" status in the hospital billing system. This generally will not occur until the account has aged for a period of at least 120 days.
- A bad debt account is an uncollectible account resulting from the extension of credit. Such payment defaults or bad debts may result from the following: non-payment of agreed upon payment arrangements, patients that cannot be contacted for payment, patients file for bankruptcy and lack sufficient assets to make payment, insolvent estates, and guarantors who refuse to pay.
- Any and all accounts that are placed into the "collection" status will meet the following criteria:
 - The debt must be related to covered services and / or non-covered services and derived from deductible and co-insurance amounts.
 - The provider must be able to establish that reasonable collection efforts were conducted.
 - The balance is determined to be uncollectible by reasonable standards.
 - Sound business judgment established that there was no likelihood of recovery at any time.
 - The bad debt must be held for at least 120 days from the date the patient is first billed prior to initiating bad debt collection activity
- After these items have been completed and no contact has been made by the guarantor /

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patient, the accounts will be turned over to bad debt as follows:

- All accounts with a balance of \$15.00 or greater will qualify for automatic placement with an outside collection agency.
- All accounts with a balance of \$14.99 or less will qualify for automatic small balance write off.
- CMS Provider Reimbursement Manual (PRM) 15-1, Section 310 permits the provider's collection effort to include the use of a collection agency in addition to or in lieu of subsequent billings, follow-up letters, telephone and personal contacts. The outside collection entities may report the account to the Credit Reporting Bureau. WMH and the outside collection entities will follow the Fair Debt Collection Act during collection activities.
- After 120 days with the outside collection agency, if the account remains unpaid, it will be returned to WMH as an "Uncollectible Bad Debt".
- The hospital billing system will reflect a status change from "collection" to "bad debt" and no further collection efforts will be made.