

**LINDNER CENTER OF HOPE**

<b>POLICY/PROCEDURE TITLE:</b> <i>Collections and Bad Debt</i>		<b>PAGE</b> 1 of 3
		<b>EFFECTIVE:</b> 7-1-08
<b>POLICY NUMBER:</b> BC-004	<b>LAST REVIEWED/REVISED:</b> 5/30/18	
<b>RESPONSIBLE DEPARTMENT:</b> Finance / Revenue Cycle Management		
<b>ADMINISTRATIVE APPROVAL:</b> Leslie Snyder, CFO		<b>SIGNATURE:</b> On File

**POLICY**

It is the policy of the Lindner Center of Hope (LCOH) to ensure that amounts owed by patients for clinical care delivered by LCOH are collected in a timely manner. All attempts to contact and collect amounts due from patients will be carried out in a fair and respectful manner. Generally, accounts due will initially be managed internally, however, outside collection agencies may also be used.

**DEFINITIONS:**

- A. **Bad Debt:** Funds due to LCOH as a result of clinical care provided which have not been paid in full in a timely manner by the patient or guarantor who has been determined to have the financial capacity to pay and which account has not been determined to be affected by extenuating circumstances by LCOH's Chief Medical Officer and Chief Financial Officer. Bad debts are considered to be uncollectible accounts receivable. Costs associated with collection efforts shall not be considered bad debt. Self pay balances and coinsurance and deductibles for patients who have not qualified for financial assistance shall be considered bad debt as defined in this policy. In order to be considered bad debt, the following criteria apply to overdue accounts:
1. The debt must be related to covered services that derived from deductible and coinsurance amounts and self pay balances, including non-covered services.
  2. The provider must be able to establish that reasonable collection efforts were made for at least 120 days from the patient/guarantor's first bill;
  3. The debt must be determined to be uncollectible when claimed as worthless; and
  4. Sound business judgment must have established that there was no likelihood of recovery at any time in the future.
- B. **Medicare Bad Debt Log:** Document that includes the following information for any Medicare patient financial account that qualifies as bad debt as defined in this policy:
1. patient's name
  2. patient's account number
  3. Medicare Health Insurance Claim number
  4. all unpaid balances that meet the criteria for bad debt
  5. first statement date
  6. Medicaid HIN if applicable
  7. Any recoveries received on bad debt
- C. **Deductibles and Coinsurance:** Amounts payable by beneficiaries for insured/program covered medical services and, if deemed uncollectable, may be considered bad debt.
- D. **Reasonable Collection Efforts:** A series of actions taken to assist in the collection of funds due as a result of clinical services rendered.

**PROCEDURE:**

- A. Reasonable efforts will be made to collect all copayments and deductibles at the time of service.
- B. If copayments or deductibles are not able to be collected at the time of service, the routine LCOH billing and collection process as outlined below will be followed.
- C. Coinsurance, copayments, and/or deductibles which are due as a result of services rendered will not be waived unless the patient meets the organization's criteria for financial assistance.
- D. Within five business days of services being rendered, bills will be mailed to third party payers and self pay patients/guarantors.
- E. If patient has no insurance coverage or elects not to use insurance coverage, LCOH will provide a discount on the self pay charges for all hospital based services, excluding residential and professional services.
- F. If a bill remains unpaid 30 days from the date it was first mailed to the third party payer, a phone call will be made and/or a second bill will be mailed.
- G. Once payment is received from the third party payer, a first statement will be sent to the patient/guarantor. In addition, the balance of the account will be communicated to the appropriate clinician via the EPIC daily schedule. Practitioners will encourage the patients to make payments or payment arrangements with the Billing Department.
- H. If a bill remains unpaid 30 days from the date it was first mailed to the patient/guarantor, a second statement will be sent to the patient/guarantor. The Billing department will also attempt to call the patient and send a collection letter.
- I. If a bill remains unpaid for 60 days, a third statement will be sent to the patient/guarantor and the account will be reviewed by RCT staff. An attempt will be made to call the patient and a collection letter will be sent if payment is not collected.
- J. If a bill remains unpaid for 90 days, a fourth statement will be sent to the patient/guarantor and the account will be reviewed by RCT staff. An attempt will again be made to call the patient and a second collection letter will be sent if payment is not collected.
- K. If a bill remains unpaid for 120 days the account will be reviewed by RCT staff to ensure the above collection efforts have been completed. If so, the account will be sent to an outside collection agency for further collection efforts.
- L. Accounts with balances of less than \$10 will be written off without further collection efforts. All other accounts without extenuating circumstances will be deemed worthless, and forwarded to collection agency. The balances for these accounts will be reduced to zero in AR.
- M. Amounts uncollectible from patients are to be charged off as bad debts in the accounting period in which the accounts are deemed to be worthless. If an amount previously written off as bad debt is recovered in a subsequent accounting period, the amount recovered will be recorded as a bad debt recovery, offsetting bad debt.

N. Legal action requested from the collection agencies will be approved per LCOH's legal counsel policy.

POLICY CROSS REFERENCES:

- Patient Financial Assistance Policy

**EFFECTIVE:** 7/1/08

**REVISED:** 1/30/10, 11/9/11, 5/25/2013, 2/12/16, 5/30/18