
LINDNER CENTER OF HOPE PROFESSIONAL ASSOCIATES

POLICY/PROCEDURE TITLE: <i>Collections and Bad Debt</i>		PAGE 1 of 3
		EFFECTIVE: 3/7/2015
POLICY NUMBER: LCOHPA-008	LAST REVIEWED/REVISED: 03/03/2020	
RESPONSIBLE DEPARTMENT: LCOHPA Board		
ADMINISTRATIVE APPROVAL: Lisa Gibbs, CFO		

POLICY

It is the policy of the Lindner Center of HOPE Professional Associates (LCOHPA) to ensure that amounts owed by patients for clinical care delivered by LCOHPA 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 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 LCOHPA'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 charges that meet the criteria for 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 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 charity care.
- D. Within five business days of services being rendered, bills will be mailed to third party payers and self pay patients/guarantors.
- E. 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.
- F. Once payment is received from the third party payer, a first statement will be sent to the patient/guarantor.
- G. 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.
- H. If a bill remains unpaid 60 days from the date it was first mailed to the patient/guarantor, a second statement will be sent to the patient/guarantor and a phone call will be made to attempt collection.
- I. If a bill remains unpaid for 90 days from the date the first statement was mailed, a third statement will be sent to the patient/guarantor and a phone call will be made to attempt collection.
- J. If a bill remains unpaid for 120 days from the date the first statement was mailed, a Final statement will be sent to the patient/guarantor. In addition, a call will be placed to the patient by the collection staff. If the patient/guarantor does not respond, the account is reviewed for collections.
- K. Upon confirmation that the patient has received 3 statements, that the outstanding balance is accurate, and attempts have been made to contact the patient via all phone numbers on file, the patient account will be moved to a pre-collection review status.
- L. Clinicians are provided a list of patients with a balance greater than \$45 bi weekly in a pre-collection status for review. Clinicians are expected to discuss the balance with the patient and advise them that non-payment will result in discharge from the practice. The clinician will make the appropriate arrangements for discharge.
- M. If a bill remains unpaid for 120 days from the date the first statement was mailed, the account will be turned over to a collection agency for follow-up.
- N. 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.
- O. 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.

- P. Any decision by a clinician to treat a patient without charge and/or with an overdue account determined to be bad debt shall be approved by the Chief Medical Officer and the Chief Financial Officer. Such services shall only be permitted under the following circumstances:
1. For a 30 day period beginning with written notification to the patient of discharge of the patient from the clinician's practice, or
 2. Other patient-specific extenuating circumstances approved by the Chief Medical Officer and Chief Financial Officer.
- Q. If a patient pays off their past due outstanding balance they will be allowed to be seen by an LCOHPA clinician. However, if their balance is sent to collections 3 times, they will not be granted the opportunity to schedule and will be terminated from the practice and referred to providers in the community. After two occurrences, of allowing their balance to go "past due", patients will receive a letter indicating that if they allow their balance to go unpaid and past due again, their care will be terminated.

REVISED: 12/13/19; 03/02/2020