
	TITLE: Bad Debt Collection Policy	
	POLICY NUMBER: ADM-FIN-B 001	
	APPROVED BY:  Dana E. Engle, CEO	DATE: 01/2016
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	DEVELOPED/REVISED BY: Michael Browning, CFO / Jeff Ellerbrock, PFS Director	
	REVIEWED BY: Finance	DATE(S): 01/2016
	DISTRIBUTION: Administrative Policy Manual	

PURPOSE: Due to economic issues and other forces, some patients may choose not to address an outstanding self- pay balance. This policy aims to outline fundamental principles that should be followed when considering an account for outside collection referral. It will also serve to provide guidelines that must be followed once an account has been referred to an agency.

POLICY: It is the policy of Madison Health to provide medically necessary health care to all patients, without regard to the patient’s financial ability to pay. Madison Health will make reasonable efforts to determination financial support in a timely fashion. If other avenues of financial support are being pursued, Madison Health will communicate with the patient regarding the process and expected timeline for determination.

Madison Health will remain in strict compliance with the requirements of the Fair Debt Collection Practice Act, which will govern all its collection activities, both internally and externally.

PROCEDURE: Madison Health has specific policies and procedures outlined that are to be followed by the Financial Counselors and Collection Specialists prior to referring accounts to bad debt or a collection agency.

Patient statements will include any notices required by regulations to inform patients of the availability and means to access financial assistance. The language and content of these notices will conform to the current IRS 501(r) regulations. Notices regarding the availability of the financial assistance will also be included in all other written and verbal patient communications to the degree feasible.

Madison Health will take reasonable steps to ensure that no collection actions, including telephone calls, statements or letters, are initiated for those patient balances that may be exempt from collection action by regulation, including patients determined to qualify for Financial Assistance through the FAP program.

Madison Health will make reasonable efforts to send each patient a final collection notice prior to the account being transferred to Bad Debt. In most cases, the final collection notice will be included on the guarantor statement.

Madison Health will make reasonable efforts to collect all outstanding balances due to the Hospital. The collection effort expended will vary depending on a number of factors including, but not limited to, the balance of the account and the patient's previous collection history. Additional collection efforts may include patient calls, and letters to supplement the routine patient statement process. These calls and letters will include reminders regarding the availability of financial assistance.

Madison Health will make reasonable efforts to track and respond to all patient statements returned by the USPS that are not deliverable. Where possible, accounts will be identified as "Bad Address Accounts" and flagged in the EMR- electronic medical record - to alert staff involved in the registration process to obtain a new address from the patient during their next visit. Generally, once an account has been flagged as Bad Address, no further statements or letters should be processed unless a new address has been identified. Accounts whose most recent demographic information contains a Bad Address may be referred to outside agencies as Bad Debt for additional follow up.

Recognizing the cost of statement processing and collection activities, the hospital may suppress statements on accounts below its "small dollar billing" threshold. Similarly, after billing, the hospital may limit collection and research activity on small balances and adjust accounts below its "small balance write-off" threshold. The typical small balance threshold applies to guarantor account balances of less than \$10.00.

After Madison Health has exhausted all efforts to collect from the patient's insurance company, the account is classified as self-pay. Once the patient has been classified as self-pay, the system generates an initial bill to the patient. All statements have an application for financial assistance available on the back with Financial Counselor contact information listed.

A series of mailed statements, accompanied by telephone calls to the patient are made first, in an attempt to resolve the balance on the account. The patient and/or guarantor on the account will receive statements and telephone contacts for 120 days, in an attempt to bring the account to resolution through payment in full, an acceptable payment arrangement, or approved application for financial assistance.

The hospital will inform Ohio residents, who are not recipients of the Medicaid program, whose gross income is at or below the federal poverty level, of their right to receive all

emergency and other medically necessary hospital services at no cost (HCAP). The hospital will inform Madison County residents, who are not recipients of the Medicaid program, whose gross income falls within the MH-FAP sliding scale, of the right to receive all emergency and other medically necessary hospital services at a discounted cost.

If the balance remains uncollected after 120 days, the accounts are transferred to an external Collection Agency for further collection activity. Madison Health will accept and process an application for financial assistance up to 240 days from the post-discharge billing statement. The external Collection Agency determines the appropriate steps for collection of the debt and will remain in strict compliance with the requirements of the Fair Debt Collection Practice Act, which will govern all its collection activities, both internally and externally.

If during the collection process, including placing an account with a collection agency, Madison Health receives a completed FAP application, Madison Health will suspend any ECA and make a determination as to whether the individual qualifies for financial assistance and will notify the individual of such. If the individual qualifies for financial assistance other than free care, Madison Health will provide the individual with a billing statement that indicates the amount due as an FAP eligible individual. The Income Calculation Work Sheet will be used to determine the amount of Financial Assistance that is qualified.

If during the collection process, including placing an account with a collection agency, Madison Health receives an incomplete FAP application, Madison Health will suspend any ECA, notify the individual as to what additional information and/or documentation is required, and include contact information as to who at Madison Health can assist the individual

Madison Health is required to transfer credit amounts to patient responsibility accounts with balances due or refund any amounts paid by the individual in excess of the amount due under the FAP and make reasonable efforts to reverse any ECA.

When an account is placed with Collection, the balance on the patient account is transferred from active accounts receivable to bad debt and the account is adjusted as bad debt from the general ledger. Any payments that are received as a result of procedures applied by the collection agency are categorized as a recovery to the general ledger. The detailed payment is recorded on the individual account.

The Collection Agency will refer accounts back to Madison Health if a patient expresses a need for Financial Assistance. The Financial Counselor will work with the patient to ensure all appropriate documentation is received and forms are completed appropriately. The account will be placed on hold at the Collection Agency until the Financial Assistance process has been completed. The Collection Agency will be notified by the Financial Counselor of the status of the account timely.

The account will be closed back to Madison Health after 240 days without activity. An adjustment code will be applied in the billing system on the account stating the account has been closed back.

The Collection Agency will send payments received for Bad Debt accounts through Madison Health's lockbox system. The payments will be posted by the Posting Specialist to each patient's account to ensure the Madison Health system and the Collection Agency system remains in balanced.

The Madison Health system and the Collection Agency system will be reconciled monthly to ensure the integrity of the Bad Debt accounts.

The Billing and Collection Policy and Bad Debt Collections Policy is available upon request by contacting the Financial Counselor at 1-740-845-7031 or 1-740-845-7033. The policies can also be viewed on the Madison Health website <http://www.madison-health.com> - See patient and visitor information.

The following is a summary of the guidelines used for forwarding patient accounts to collections or bad debt.

AGENCY PLACEMENT:

If patient payments are not made as agreed, Madison Health may refer an account to an outside collection agency for resolution.

Madison Health will place accounts with an outside collection agency whenever the following conditions have been met:

- a. Returned mail has been received and the account is deemed a "skip" or undeliverable.
- b. At least four statements for the amount due have been sent to the guarantor without resolution.
- c. A written final notice or statement has been sent to the guarantor.
- d. No payments were made or payments have stopped.

Madison Health will handle all self-pay accounts with a balance due based on this policy for the purpose of bad debt determination regardless of payer.

DEFINITIONS:

- ECA
 - Extraordinary Collections Actions
- FAP
 - Financial Assistance Program/Policy
- Notification
 - Under the treasury regulations, Madison Health must satisfy certain criteria in order to qualify as having notified an individual. The criterion varies depending upon the action. Madison Health must provide an individual with written notice that financial assistance is available and state that it intends to initiate an ECA. This notification must be given at least 30 days before initiating an ECA and a written notification must include a plain language summary of the FAP. In addition, Madison Health must make a reasonable effort to orally notify the individual about its FAP and explain how to obtain assistance.

Madison Health must refrain from initiating the ECAs until 120 days after it provides the first post discharge billing.

- Reasonable Efforts:
 - Madison Health must determine whether an individual is eligible under its FAP policy before it engages in extraordinary collection action (“ECA”). These efforts may include distributing the Patient Payment Opportunities brochure at the time of registration, sending a letter, and/or making telephone calls to the patient/guarantor.