

	<b>Valley Regional Hospital Patient Accounting</b>	
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## **Policy: Credit and Collections**

### **General Credit Policy**

Valley Regional Hospital will routinely access all guarantor insurance benefits prior to attempting collection from the guarantor for any self-pay balances. Subsequently, VRH will issue the initial billing statement and request payment in full within 30 days. Partial payments will be accepted without establishing a discrete payment plan or incurring any interest charges when a monthly payment schedule for remitting a minimum payment is maintained.

For account balances greater than \$1200.00, staff will initiate efforts to establish a payment plan. However, no payment plans shall extend beyond 24 months unless it has been approved by the Patient Accounts Dept. Guarantors not able to meet these conditions will be encouraged to file a Financial Assistance Application. Failure to meet any of the above conditions will result in transferal of the account to a collection agency for resolution.

### **Self Pay Balances**

Self-Pay balances represent charges that are the responsibility of the guarantor. These are:

- Balances on account for individuals without insurance
- Charges considered as non-covered services as defined by the patient's insurance plan
- Patient convenience items
- Co-pays
- Deductible amounts remaining after insurance

Guarantors who bill their own insurance and refuse to make assignment to VRH will also be considered self-pay, however they will not receive the self-pay discount.

### **Transfers to Self-Pay**

Statements are billed to Valley Regional Hospital guarantors only after payments for services have been settled with third party payers, unless the following conditions are met:

- VRH has not been successful with having the claim adjudicated by the payer, despite repeated attempts to seek payment, and there has been no response from the payer.

- VRH has been notified by the third party insurer that the guarantor has not responded to requests for information needed to adjudicate the claim.
- The guarantor provides incorrect insurance information.

Due to various timely filing requirements by insurance carriers, Valley Regional will employ a timeline of one year following the date of service in which to bill a self-pay balance to the responsible guarantor.

## Patient Billing Statements

Guarantors currently are sent statements from Valley Regional Hospital who bills for all hospital services and all routine office MD services.

Guidelines for the production of statements for Hospital and Clinic services are as follows:

- 1) Statements are produced on a daily basis as accounts fall into the self-pay financial class.
- 2) All Statements are generated at the account level, meaning multiple visits or multiple invoices will be listed on a single statement.
- 3) The next statement dates and dunning levels are assigned prior to producing the statement, based on payments posted.
- 4) The visit with the highest dunning level drives the statement. If there are two visits at the same dunning level, the system uses the visit with the oldest self-pay balance.
- 5) To suspend dunning, a minimum payment must be made. Guarantors who meet the minimum payment requirement on a timely basis will not have the dunning level advance to the next step.

## Dunning Levels

Dunning levels are indicators of the current age of an account. Each dunning level corresponds with a system activity. Specifically, account statements, past due notices, or collection agency referral.

Dunning Level	Approx. days outstanding	Valley Regional Hospital
<b>BA1</b>	1	Patient friendly bill mailed.
<b>BA2</b>	30	Follow up letter detailing status of the account. First phone call, day 45-52.
<b>PD1</b>	60	Follow up letter sent. Past due notif. Second phone call, day 75-82
<b>FN1</b>	90	Final demand letter is sent.
<b>COL</b>	120	Account marked for collection review.
	>120	Referred to collection agency

## **Collection Agency Referrals**

Regulatory requirements mandate that no account be transferred to a collection agency less than 120 days from the last date of payment or discharge. Collection agencies are not authorized to charge interest on any accounts they are assigned, as this would be a violation of federal law. Collections agencies are specifically allowed to report debt to any credit reporting agencies for balances due VRH.

Accounts will be referred to collection agencies when one or more of the following circumstances are present:

- The guarantor or responsible party does not intend to take steps to pay the account in a manner acceptable to VRH credit and collection terms
- Mail returns will be transferred to collection agencies as soon as it is established that these accounts do not have a valid mailing address.

## **Exceptions:**

- Deceased patient accounts will not be sent to a collection agency if it has been determined that there are no assets in the estate or an estate at all. These balances will be adjusted to Financial Assistance.
- If we are notified of Bankruptcies, these balances will be adjusted according to the terms of the order, and they will not be assigned to a collection agency.
- If a patient is involved in protracted litigation and the patient's attorney is willing to write a letter indicating they will protect VRH interest in any action these accounts, will not be sent to collection.

## **Account Referral for Legal Action**

Legal action can be authorized by the Patient Accounts Manager when the following occurs:

- Account balance is \$2,500.00 or more
- The collection agency demonstrates the guarantor has sufficient assets to pay the debt
- The collection agency obtains written approval from the Chief Financial Officer, or his designee, prior to initiation of any legal action

## **Vendor Credit Policy**

VRH has the following categories of vendor accounts:

- Other hospitals and skilled nursing facilities
- Occupational Health accounts that have a contract for services required by an employer as a condition for employment and to be paid by that employer.

Monthly statements are produced and are due in full within 30 days of the statement date. No budget arrangements will be made on these accounts. Accounts over 30 days old will be sent a letter indicating the amount past due and will be provided notice stating that continued non-payment may result in discontinuation of services. These accounts are to be turned over to collections at 120 days.

## **Bankruptcy Accounts**

Two types of bankruptcy notices are sent by the Bankruptcy Court:

1. Notice of commencement of filing
2. Discharge/Disallowance of debtor

Notice of commencement is received by VRH. The filing can be either individual or joint and the children are not listed. All family members must be identified and each account must be noted that bankruptcy proceedings have commenced and the date of filing. If any account has been placed with an outside collection agency it must be noted and a copy of the filing sent to them for their records. All charges previous to filing of bankruptcy are included. If charges are in self-pay, they need to be changed to the correct legal financial class. If charges are in an agency financial class, they are to be left in that designation.

When the bankruptcy is finalized, the court will send either a disallowance or a discharge of debtor. In the case of a disallowance, collection activity resumes. All accounts pertaining to bankruptcy must be noted of the final outcome. The collection agencies also need to be notified and sent any supporting documents. If discharge of debt is approved then all existing balances incurred prior to notification will be adjusted accordingly.

## **Litigation Claims**

VRH will curtail the pursuit of self-pay balances or claim subjugation balances for accounts in litigation upon receipt of a Letter of Protection (LOP) sent by the attorney representing the patient stating the litigant will protect VRH interest in any subsequent settlement. If the settlement is denied the balances revert back to the guarantor and arrangements for payment are made.

VRH reserves the right to file a lien in liability cases for the interest of the hospital.