

Nanticoke Memorial Hospital

TITLE: Collections Policy	Database # 4663
CATEGORY: Policy	Page: <u> 1 </u>
OWNER: LINDA MORRIS	Effective: 03/94
MANUAL: Business Office	Reviewed: 12/96,12/99,1/00,3/03, 7/06,6/08
Committee Review: CPPC	Revised: 12/17
Signature: ____/____/____	Required Review: q 3 yrs

Nanticoke Memorial Hospital will attempt to collect the patient liability portion in concert with all federal and state laws and regulations. The Business Office will send a minimum of 2 statements, at least one telephonic attempt, and a final notice to all patients prior to seeking assistance from an outside collection agency. Efforts are made to offer financial assistance and or payment plans to avoid the collection process.

Nanticoke Memorial Hospital's bad debt expense is calculated by recording a Bad Debt Allowance equal to 100% of all accounts aged over 90 days (excluding credit balance accounts) plus 95% of all self-pay accounts aged less than 90 Days.

- 1) Bad Debts- Before any account can be considered for write-off to bad debt, a degree of collection effort is required with the extent of the effort determined by the dollar size of the account.

Value of Account

Extent of Collection Effort

Under \$500

Minimum of 2-3 statements, telephonic attempt,
and a final notice

Over \$500

Minimum of 3 statements, minimum of one
attempted phone contact with guarantor
receiving extensive personal contact, and
One final notice

The Business Office staff determines that statements referred to the above have been mailed to the patients and they clearly explain the patient's responsibility to pay the amount.

- a) Small balances of \$10.00 or less, regardless of the financial class will be automatically written off as defined in hospital computer parameters.
- b) Bad debt prelist is reviewed by the Business Office staff and managed by the Supervisor- Business Office before forwarding to the collection agency.
- c) Once an account has been referred to collection the agency will determine if the account needs to be pursued through legal means. The company will engage in the following collection actions:

Letters
Phone Calls
Liens
Garnishments
Other legal activities available to the collection agency

At least 30 days prior to initiating a lien, garnishment or other legal activity against an individual, a written notice will be provided. The written notice will include the following information:

- a. A statement that financial assistance is available to eligible individuals
- b. Identification of the legal action(s) that Nanticoke or the collection agency plans to initiate against the individual; and
- c. A deadline after which such legal action(s) may be initiated

A copy of the plain language summary of the financial assistance policy will be included with the written notice.

If a patient is deemed eligible for charity care, the effective date can be retro-active to one year and pro-active for one year from the date of determination.

During the application process, the account will be placed on hold. The individual has 15 days to complete the application and provide all requested documentation. The hospital will provide written notice to the individual indicating acceptance or denial. The notice will include the discount for which they qualify, how it was determined, any remaining balance on their account, and how they can obtain information about the amounts generally billed limit for their account. If the individual does not qualify for financial assistance, the written notice will indicate this and explain why.

If an individual submits an incomplete application, Nanticoke will provide a written notice that explains what is missing, include information on whom to contact and will allow 15 days for the individual to re-submit the completed application.

d) Error Adjustments:

In analyzing and reviewing patient accounts, the Business Office staff may discover cases of billing errors (i.e. duplicate charges, charges to the wrong account, cash applied to wrong account, etc.). In such cases, the Business Office staff follows the following procedure

- a)- regarding duplicate charges- contact the charging ancillary service area to verify charges with a Director or Senior Leader and send adjustment notification to Supervisor or Director of Business Office,
- b) Cash posted to wrong account, Business Office staff will pull supporting documentation, verify and forward to cash application to correct posting.

e) Negotiated Settlements:

In order to obtain payment on a past due account, sometimes it may be necessary to negotiate a settlement. Director of Business Office has the authority to negotiate the write-off. This authorization will be used only as a last resort.

f) Administrative Write-Offs:

Certain cases may arise in which the hospital desires to adjust or write-off an account balance due to the patient contentions regarding quality of hospital services, excessive charges, or other reasons not deemed to be in the hospital's best interests to pursue.