

## SYSTEM POLICY



CATHOLIC HEALTH EAST

POLICY NO.

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SUBJECT <b>SELF-PAY AND PATIENT RESPONSIBILITY COLLECTION PRACTICES</b>	
EFFECTIVE DATE <b>June 13, 2006</b>	ORIGINATION DATE <b>June 13, 2006</b>
APPROVED BY <b>Catholic Health East Board of Directors</b>	
RESPONSIBILITY <b>Catholic Health East Executive Vice President/Chief Financial Officer</b>	

### PURPOSE:

Catholic Health East (CHE) is committed to demonstrating its Core Values of Reverence for Each Person, Justice, Stewardship and Integrity by establishing respectful and effective procedures for the handling of self-pay or patient responsibility balances. Whenever a Regional Health Corporation (RHC) or a constituent corporation thereof identifies a self-pay balance, a proper queuing of collection events must ensue to make certain that the patient/guarantor has been screened for Charity Care, alternative payment programs (e.g., Medical Assistance), CHE's Payments for Service from Uninsured Patients (formerly Discounts for Self-Pay Patients) Policy, and that the self-pay or patient-responsibility guarantor is provided adequate information about the balance due and is allowed to dispute the balance or make reasonable payments over a rational timeframe.

### POLICY:

This policy is applicable to all patients receiving services who are considered having self-pay or patient-responsibility balances (as defined by this policy) and are judged to be able to pay; that is, this policy applies to those who are not eligible for financial assistance or a special entitlement program (see CHE Policy Nos. 313 – Charity Care and 323 – Payments for Service from Uninsured Patients). This policy applies only to facility charges and not other independent contractor or non-employed physician charges.

A self-pay or patient-responsibility account balance is defined as an account balance that is not covered by any medical insurance or other indemnity, in whole or in part and for which the patient or guarantor is liable for payment (co-payment, co-insurance, deductible, balance after insurance, etc.); or an account balance due from the patient because the health plan or health savings account has paid the patient/guarantor instead of the hospital.

In order to preserve the dignity of patients and to facilitate the process of securing necessary information, it is strongly preferred that a RHC perform financial screening upon scheduling, admission or registration (discharge processing in the ED) as part of the overall financial counseling process as described in the Key Performance Indicator System policies. Patients who represent increased financial risk as a result of the amount they are expected to owe "out-of-pocket" should be referred to a Financial Counselor for assistance in applying for alternative payment programs, determining Charity Care eligibility, establishing payment plans or other payment arrangements. Financial counseling services are to be made available to all patients.

For self-pay or patient-responsibility account balances following treatment, collection efforts will be directed at the patient/guarantor.

Each RHC or constituent corporation should document policies and procedures for the disposition of these account balances. All established procedures should:

1. Comply with the requirements of the Fair Debt Collection Practices Act and any other Federal, state or local regulations which apply.
2. Ensure that all patients are provided information on Charity Care and Payments for Service from Uninsured Patients Policies through financial counseling, customer service representatives, patient statements, hospital signage and via the RHCs web site (See Policy No. 313 – Charity Care).
3. Uphold and honor the patients' right to dispute balances, appeal decisions, seek reconsideration and have a self-selected advocate assist the patient through the process.
4. Provide options for payment arrangements, without requiring that the patient select higher cost options for repayment. Examples of options could include allowing for prompt pay discounts for large balances and/or establishing payment plan parameters.
5. Provide for annual training and new employee orientation on Charity Care, self-pay discounts, patient responsibility collection practices and other applicable policies for business office staff, patient access staff, departmental managers and appropriate vendor partners. Any individuals placing outbound calls to patients/guarantors about balances due should be thoroughly trained in customer service and utilize a prepared phone script documented in the RHCs collection practices policy.
6. Build in regular monitoring and compliance reporting to the local RHC Finance Committee.
7. Select vendor partners that align their practices with the RHCs mission. Include in agreements language requiring the vendor to adopt this policy and other RHC and CHE billing and collection policies. Allow only RHC-approved vendor dunning notices and phone scripting.
8. Utilize patient friendly statements to ensure that written communications are easily understood. Statements should include:
  - Phone number for patients to call with questions
  - Charity care and self-pay discount information
  - Service date(s) and itemized charges, payments and adjustments in easy to read language
  - Ability to make credit card payments via mail, telephone or on-line (if possible)
  - Instructions on how to dispute a bill

All RHCs and constituent corporations will use a standardized intensity of communications and timeframe from the date the account is placed in the self-pay/patient-responsibility status for completing the in-house or pre-collection process. Certain circumstances may impact the pre-collect timeframe which should be adjusted accordingly:

- Pending Medical Assistance – To be considered for Medical Assistance, the patient must cooperate with the facility to provide information and documentation to the in-house resource(s). If this does not occur, external collection efforts may be initiated in these cases.
- Bankruptcies – Account balances that are included in a bankruptcy filing will be held in abeyance until a final determination is made. Proofs of claim may be filed in support of each bankruptcy filing whenever there is an outstanding self-pay or patient responsibility balance.
- Estate Claims – Claims may be filed against estates after the patient expires whenever there is an outstanding self-pay or patient responsibility balance.
- Risk Management Accounts – The hospital legal department must approve any activity on accounts that have outstanding risk management issues, as noted in the billing system.

In addition, all RHCs and constituent corporations have the prerogative to modify the standard collection cycle based on case-specific circumstances; for example, to slow the cycle if the patient or guarantor is making a good faith effort and has provided acceptable information to support this activity or to expedite the cycle in cases of those patients/guarantors who refuse to provide information or have

undelivered/refused mail. These deviations from policy must be reviewed and approved by the Director of Patient Financial Services or a designee. Documentation describing the reason for the exception and approval for granting such an exception must be documented in the patient's financial record.

Once an account has transitioned from the pre-collect to collection status, consistent criteria will be used for referral of accounts for legal action (i.e., liens, wage garnishments, bank levies) and credit reporting should the RHC decide to pursue. Prior to any action, the following steps must occur:

- a review of collection efforts to ensure policy compliance;
- a review supporting that the patient/guarantor has received multiple opportunities to dispute and/or settle the account; and
- verification that the hospital or collection agent has established that the patient has a means to pay through either credit scores or other legitimate documentation.

Small claims court actions may be pursued at the discretion of the Patient Financial Services Director. Property liens may be filed whenever judgment is rendered and no liquid assets are available. Liens will only be executed when ownership of the property is being transferred.

RHC resource limitations in implementing these processes make it necessary to set limits and guidelines. These are not designed to turn away or discourage those in need from seeking treatment or financial counseling. They are intended to assure that the resources that the RHC can afford to devote to its patients are focused on those who are most in need and least able to pay, rather than those who choose not to pay. Based on the average collection balance and staffing constraints, each Business Office may set its own balance limits for purposes of automated Bad Debt write-off, frequency of personalized contact, etc.

Each RHCs administration of this policy should:

- Ensure the dignity of the patient
- Encourage upfront financial counseling
- Be patient-centric and patient friendly
- Be culturally appropriate (provided in prevalent languages used in communities)
- Be widely known by hospital patient access and financial services staff
- Be applied consistently
- Be easy to understand
- Be easy to administer
- Serve the health care and emergency health care needs of everyone, regardless of ability to pay
- Balance needed financial assistance with broader fiscal responsibilities

Should any provision of this Policy conflict with the requirement of the law of the state in which the CHE facility operates, state law shall supercede the conflicting policy provision and the facility shall act in conformance with applicable state law.