

# ATLANTIC GENERAL HOSPITAL/HEALTH SYSTEM

## POLICY AND PROCEDURE

**TITLE:** CREDIT AND COLLECTION POLICY

**DEPARTMENT:** PATIENT FINANCIAL SERVICES

Effective Date: 7/1/16

Number: \_\_\_\_\_

Revised: 1/2021

Pages: 4

Reviewed: 1/2021

Signature: \_\_\_\_\_

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Vice President, Finance

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Director of Patient Financial Services

### APPROVAL DATES:

Board of Trustees 02/04/2021

Finance Committee 01/27/2021

### Policy:

It is the policy of Atlantic General Hospital/Health System (AGH/HS) to provide emergent, urgent care, and chronic care regardless of the patient's ability to pay. AGH/HS will operate in accordance with all federal and state requirements for the provision of healthcare services, including screening and transfer requirements under the federal Emergency Medical Treatment and Active Labor Act (EMTALA). Every effort will be made to find a reimbursement method that is fair and equitable to the patient and AGH/HS. All hospital patients will be charged consistently as established by the Health Services Cost Review Commission (HSCRC) and the amounts generally billed (AGB). All patients seen by an AGHS provider in an unregulated area will be charged the Medicare fee schedule. In compliance with 501R regulations, information on how to apply for Maryland State Medical Assistance and Financial Assistance (FA) will be widely publicized through signage, public notifications, and messages on statements and on the hospital website. Collection is pursued based on the patient's ability to pay defined by their

willingness to cooperate, response to communication, income and assets, or their unwillingness to cooperate by failing to respond to communication or withholding payment when income or assets deem payment is possible. AGH/HS will contract with external agencies to pursue collections. AGH has management oversight of the agencies to ensure operations are in compliance with the guidelines of the hospital credit and collection policy and the Fair Debt Collection Practices Act. AGH/HS will not sell debt to another party.

**Purpose:**

This policy defines the payment options available for patients who have financial resources including insurance as well as those who do not have financial resources and lack adequate insurance (i.e. underinsured or uninsured). In addition, this policy sets forth the circumstances under which self-pay accounts and accounts with unpaid balances will be referred to collections, and defines the actions the collection agencies may pursue.

**Definition:**

- Extraordinary Collection Actions (ECA) – Any legal action and/or reporting the debt to a consumer reporting agency.
- Early-Out – An agency that acts as an extension of the Business Office for self-pay collections, but does not perform ECA.

**Patient Collection Practice**

- A. Upon request and during normal business hours, AGH/HS will provide the patient a written estimate of the total charges for inpatient and outpatient services, procedures and supplies, with the exclusion of emergency room services that reasonable are expected to be provided and billed to the patient by the hospital.
- B. Self-pay balances are transferred to the Early Out agency to send statements and make collection calls, acting as an extension of the Patient Accounting office.
- C. All patients will be mailed statements and receive collection calls. Each statement has the information on how to apply for Financial Assistance by downloading the application from the website, by calling the Financial Counselor or asking the agency to mail a free copy, by picking up the application in any of the hospital registration areas, or by requesting that the application be completed orally. Information on applying for Medical Assistance is also provided. The Patient Information Sheet, which is a plain language summary of the Financial Assistance process is mailed with each collection statement.
- D. Patients who request, or need to expand their payment arrangements beyond the established schedule may be referred to the Patient Financial Services Director for consideration. Flexibility will be granted during the pandemic.

- E. The early out sourcing company will not transfer any account to the collection agency prior to 120 days from the first post-discharge billing date.
- F. All provisions of this policy apply to the patient or guarantor when applicable.

Bad Debt Process:

- A. Patients with an unpaid balance who do not qualify for FA will be written off as bad debt and referred to a collection agency no sooner than 120 days from the first post-discharge billing date. Every effort will be used to encourage payment without the necessity of seeking legal action. Based on the balance of the bill, patients will receive statements and phone calls to discuss payment arrangements. Notice of possible ECA will be on the last statement, which is at least 30 days prior to the initiation of ECA, giving the patient the opportunity to respond. Before taking any legal action, the collection agency will confirm that the patient/guarantor is gainfully employed and has the means to pay. The following exceptions may result in the immediate referral to a collection agency, but ECA will not be taken prior to 120 days from the first post-discharge billing statement.
  - Bankruptcies (to ensure all requirements are met)
  - Skips (unable to locate and mail is returned)
  - Estate Settlements (for appropriate follow up and potential filing of a claim)
  - Accident cases involving litigation
- B. No ECA will be taken until the 121<sup>st</sup> day from the post discharging bill date. ECA approved actions are defined as:
  - Referral to a credit bureau
  - Wage attachments
  - Civil action
  - A writ of body attachment
  - Filing of a lien
- C. ECA considerations:
  - The first \$10,000 of monetary assets are not included in the income calculation
  - Up to \$150,000 in assets in a primary residence are excluded in income calculation
  - Certain retirement benefits such as a 401K where the IRS has granted preferential tax treatment as a retirement account including but not limited to deferred-compensation

plans qualified under the Internal Revenue Code, or nonqualified deferred-compensation plans where the patient potentially could pay taxes and/or penalties by cashing in the benefit are excluded in the asset calculation are excluded in income calculation.

- Foreclosing on an individual's property
  - Cause an individual's arrest
  - Deferring or denying, or requiring payment before providing medically necessary care because of non-payment of previously provided care
- D. If the patients request Financial Assistance with 240 days of the first post-discharge billing date, all ECA actions will be suspended. If the FA is approved, or if the patient pays the bill in full, the financial counselor will notify the agency to remove any judgements or adverse ECA information sent to a consumer reporting agency within 14 days.
- E. All complaints or appeals on the collection process or collection agency are referred to the Director of Patient Financial Services.

This policy may not be changed without the approval of the Board of Trustees. Furthermore, this policy must be reviewed and re-approved at least every 2 years.