

**FINANCIAL SERVICES
PROCEDURE**

LAKES REGIONAL HEALTHCARE

POLICY: Collections Process

DATE EFFECTIVE: 3/18/2010

ORIGINATOR: Patient Financial Services Manager

DATE REVISED: 06/30/2016

APPROVED BY: Vice-President/CFO

DATE REVIEWED: _____

The purpose of the policy is to provide consistent and uniform guidelines for collection of patient accounts. Patients will receive a series of statements and letters throughout the collection process. LRH approved payment options, including the “**Charity Care Policy**”, will be communicated in all patient correspondence. Patient adherence to minimum payment guidelines will be emphasized. LRH’s values of compassion, courtesy and competence will be reflected throughout the collections process.

Patient Statement Process:

1. Patient statements are automatically generated daily.
2. The majority of patient accounts are ‘insured’ accounts and are processed initially with the respective insurance payor. An insured account becomes eligible for a Patient Statement (#1) after all insurances have paid, and the system transitions the remaining balance to ‘Self Pay’. Any patient that is ‘Self Pay’ after discharge, (i.e. no insurance) will receive a Patient Statement (#1) approximately 7 days after patient discharge.
3. Statements with a ‘hold’ status (no statements will go out) are reviewed by the Financial Counselor monthly and released if criteria is met to proceed with statements to the patient.
4. A recurring account is automatically assigned a billing visit code of 1, 2, 3 or 4 based on the patient monthly visit that is being printed when the account is eligible for a statement. The visit code refers to the monthly statement that is printed.
5. An account is eligible for a new statement every thirty days.
6. The statement files are transmitted electronically to an outside vendor for printing and mailing. This process is reviewed daily by the Financial Counselor to ensure all files are mailed from the vendor to the patient.

Collection Review Process:

1. The aging status of an account in the collection cycle is designated by days the account has been billed since the first statement.
2. Collect letter PAT.33, a cure letter, is manually assigned by the Financial Counselor, when an account has had 3 statements and no payment is made within the past 30 days. (Approximately 90 days after remaining balance has transitioned to ‘Self Pay’)
3. If no current payments, payment arrangements, or pending Financial Assistance occurs within 30 days of the PAT.33/cure letter, the account is manually assigned to an outside Collection Agency (Approximately 120 days after remaining balance has transitioned to ‘Self Pay’)
8. AAA Close and Return or AMI Close and Return is manually assigned C & R as uncollectable when an account is cancelled and returned by the outside collection agency.

Pre Collection Write Off of \$30.00 and under:

1. Account balances less than \$30.00 will be identified on a weekly review of the collections worklist; these accounts have received a series of statements but will not go to the collection agency which limits accepting accounts less than \$30.00.
2. The write off of the balance will take place weekly by debiting an administrative allowance-small balance expense and crediting the accounts receivable.

Private Pay Financial Assistance Program Analysis:

1. The Financial Counselor will review the **Admissions Report** from the prior day to identify inpatient accounts registered as private pay. In-house patients will receive a personal visit to provide financial counseling. The visit will be provided in conjunction with assistance from utilization review, social services staff, and nursing staff.
2. The Financial Counselor will review the **Outpatient Discharge Report and Private Pay Report** from the prior day to initiate contact with the patient to provide financial counseling and determine if any insurance or third party payer is available for billing. Financial assistance options will be communicated. A letter (PAT.19) requesting any insurance information will be mailed to the patient.

Patient Payment Plans:

1. All accounts are eligible for payment arrangements.
2. Payment plans are not subject to interest or finance charges.
3. Hospital employees are eligible for payment arrangements through a payroll deduction option. A 10% discount is available for employees utilizing payroll deduction in conjunction with the guidelines in the **“Employee Service Discount Policy”**.
4. Patients that establish payment plans are expected to make a payment each calendar month until the account is paid in full, adhering to the following predetermined payment plan schedule not to exceed twelve months:

<u>Balance owed</u>	<u>Minimum Monthly Payment</u>
Less than \$100	\$25
\$101 - \$500	\$50
\$501 - \$900	\$75
\$901 - \$1,200	\$100
\$1,201 - \$1,500	\$125
\$1,501 - \$1,800	\$150
\$1,801 - \$2,100	\$175
\$2,101 - \$2,400	\$200
Over \$2,400	Contact Financial Counselor

5. Patients that request an extended payment plan, not meeting minimum payment guidelines will be requested to complete a Financial Assistance Application, subject to the discretion of the Financial Counselor based on the individuals accounts.

Patient Payment Plans (continued):

7. The Financial Counselor will review the Contract Payment Report monthly. Accounts that are set up with payment terms, and are identified as missing a payment, will receive a “missed payment” collection letter, CON.01.
8. The Financial Counselor will review the LR BD Transfer list weekly to identify non-terms accounts that are not meeting minimum payment guidelines. Identified accounts will receive a “minimum payment” collection letter.
 - a. a cure letter has been sent
 - b. accounts non compliant with minimum payment guidelines
 - c. accounts aged 120 days from date of first statement and 30 days after the cure letter

Outside Collection Agency:

1. A weekly review of the Collection Transfer List Report will be done by the Financial Counselor to determine if an account should be forwarded to the outside collection agency. Payment and payment arrangements or a completed financial assistance application will be required to keep an account from rolling to an outside collection agency.
2. Returned mail accounts that are determined to be untraceable will be forwarded to full collections and will bypass the standard collections process.

Bad Debt Write-Off:

1. Accounts transferred to the outside collection agency for collections will be written off to bad debt at the time of transfer.
2. Notice of Bankruptcy accounts will be placed on a hold status for statements and letters. After the Discharge of Debtor Notice is received the account will be written off to bad debt to zero out the account.
3. All bad debt write-offs require approval by the Patient Financial Services Manager.