

Title: Billing and Collections

**Policy Number:
ADM-FIN-420**

PURPOSE:

The purpose of this Billing & Collections Policy is to describe Lakeview Hospital’s approach to obtaining payment for care provided to patients. In the event of nonpayment, Lakeview Hospital is committed to making reasonable efforts to determine whether a patient is eligible for financial assistance before initiating collection actions. The Hospital’s Business Office has the authority and responsibility for determining whether the Hospital has made reasonable efforts to determine whether an individual is eligible for financial assistance and whether the Hospital is authorized to engage in specific collection actions described in this Billing & Collections Policy.

PROCESS:

ACTIONS THE HOSPITAL MAY TAKE TO OBTAIN PAYMENT

The Hospital may engage in collection activities for purposes of obtaining payment for care. Certain collection activities are more significant than others and require specific written notice to patients, as described in this Policy. However, the Hospital is not required to provide written notice to patients when engaging in less significant collection activities.

The Hospital **is not** required to provide notice to patients before engaging in the following collection activities:

- Sending patient billing statements that include due and past due dates
- Attempting to negotiate a settlement of the amount owed
- Referring a patient account to a third party debt collection agency or law firm
- Sending letters or making phone calls, either from the Hospital, the Hospital’s collection agency, or other agent of the Hospital

The Hospital **is** required to provide notice to patients before engaging in the following collection activities (called “Extraordinary Collection Actions” under federal law):

- Selling a patient’s debt to a collection agency or law firm
- Commencing a legal proceeding, by the Hospital or the Hospital’s agent, which may include
 - Small claims/conciliation court
 - Property liens
 - Seizing a bank account or other personal property
 - Garnishment of wages
- Denying, deferring, or requiring payment before providing future care (the Hospital will never deny emergency care due to nonpayment for previous care and the Hospital will comply with all requirements of the Emergency Medical Treatment & Labor Act (EMTALA)).

EFFORTS TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE

Applications and Notifications:

The Hospital will accept and process applications for financial assistance beginning on the date the care was provided to the patient and ending **240 days** after the first post-discharge billing statement. The Hospital will take steps to notify patients about the Hospital's Financial Assistance Policy and will not engage in specific collection actions (also called "extraordinary collection actions") for at least **120 days** from the date of the patient's first post-discharge billing statement. If the patient's account involves multiple episodes of care, the Hospital will not engage in collection actions for at least **120 days** from the first post-discharge billing statement for the most recent episode of care.

At least **30 days** before the Hospital takes certain collection action for nonpayment, the Hospital will do the following:

- Provide a written notice (most often a letter mailed to the patient's last known address) informing the patient that:
 - Financial assistance is available for eligible individuals
 - The Hospital may take certain collection actions to obtain payment
 - The Hospital may begin certain collection actions 30 days after the date of the letter notice.
- Enclose a plain language summary of the Hospital's Financial Assistance Policy with the notice letter.
- Attempt to contact the patient by phone (or in person if possible) to verbally notify the patient of the Hospital's Financial Assistance Policy and how the patient may obtain assistance with the application process.

If the Hospital decides to defer or deny care due to nonpayment for prior care, the Hospital will do the following:

- Provide the patient with a written notice that includes:
 - A Financial Assistance Policy application form
 - A statement that financial assistance is available for eligible individuals and a deadline after which the Hospital will no longer accept financial assistance applications for the patient's prior care.
- Process, on an expedited basis, any application for financial assistance received by the patient before the deadline.

Incomplete Applications:

If the Hospital receives an application for financial assistance (within the 240-day timeframe discussed above) that is incomplete or deficient, the Hospital will do the following:

- Suspend any current collection actions
- Provide the patient with a letter notice describing the additional information or documentation that must be submitted before the application can be processed and how to contact the Hospital to do so
- If a patient completes an application for financial assistance within the Hospital's application period, the Hospital will promptly make a determination as set forth in the Complete Applications section below.



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Complete Applications:

If the Hospital receives a complete application for financial assistance during the Hospital's application period, the Hospital will do the following in a timely manner:

- Suspend any current collection actions
- Make a determination of financial assistance eligibility and the basis for the determination
- If the Hospital determines that a patient is eligible for financial assistance, will do the following:
 - If the patient is eligible for discounted (and not free) care, the Hospital will provide the patient with a billing statement that indicates how the amount was determined and information regarding the Hospital's financial assistance calculations.
 - Refund any amount the patient has paid for the care that exceeds the amount for which the patient is determined to be personally responsible.
 - Take all reasonably available measures to reverse any collection actions that may have been initiated against the patient.

Presumptive Eligibility Determinations:

Lakeview Hospital may presumptively determine that a patient is eligible for financial assistance based on a prior eligibility determination or meeting certain circumstances for financial assistance, which include:

- Homelessness
- Medically necessary services not covered or payable under a Medicaid program or federal grant rendered to a qualified recipient
- Qualification and effective date for Medicaid subsequent to the service dates
- Deceased and no surviving spouse

Excluded services included elective services (cosmetic services or other non-medically necessary), as well as balances that should be paid by insurance, like Medicare, Medicaid, automobile, workers' compensation or liability insurance. Lakeview Hospital may choose to grant presumptive eligibility in rare or unusual patient situations not specifically set forth in this FAP. In making presumptive eligibility determinations, if the presumptive discount is not the most generous discount available, Lakeview Hospital will notify patients and give a reasonable amount of time for the patients to personally apply for financial assistance."

Code of Conduct for Internal and External Collection of Lakeview Hospital Patient Accounts Receivable

It is the expectation of Lakeview Hospital's Administration, Board of Directors, and its Management staff that personnel responsible for collection of accounts receivables conduct their job responsibilities in a manner that is consistent with Lakeview Hospital's Mission and Values, all applicable state and federal laws and all aspects of Lakeview's Attorney General Agreement.

1. Lakeview Hospital expects all staff, internal and external, responsible for the collection and billing of Lakeview Hospital receivables treat the people they serve with respect and dignity. Lakeview Hospital has adopted a zero tolerance policy for collection and billing staff that demonstrate behavior that is considered abusive, harassing, oppressive, misleading or false to our patients and families while attempting to collection a medical debt. Collection personnel that demonstrate such undesirable behaviors will be dealt with in a manner that is consistent with Lakeview Hospital's Disruptive Behavior and Standards of Conduct policy. See policy [ADM-HMR-234](#) for details.



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2. External collection agencies and their staff working with Lakeview accounts receivable will also be expected to conduct themselves in a manner that is consistent with Lakeview Hospital Mission and Values. Lakeview will expect the collection agencies they utilize to take corrective action on collection personnel that demonstrate behavior that is considered abusive, harassing, oppressive, misleading or false to patients and families while attempting to collection a Lakeview medical debt.

**Lakeview Hospital Collection Agency Responsibilities & Procedure Requirements
under Attorney General Agreement**

1. Service and Obligation:
 - a. The collection agency will accept for collection past due accounts assigned to it by hospital and will use its best efforts to collect monies owed on those accounts in a manner consistent with Lakeview Hospital's mission, the agreement with the Minnesota Attorney General, the Fair Debt Collection Practices Act and any other applicable state or federal law.
 - b. By referring an account to agent for collection, hospital warrants to the best of its knowledge that the account accurately identifies the current amount in default. If hospital knows that the debtor disputes the account, is represented by an attorney, or has filed bankruptcy, hospital shall notify agent at the time of referral of the account, or promptly upon receipt of that information if the account was previously referred. If either agent or Lakeview Hospital are contacted by a patient desiring to make payment upon the account both parties agree that collection efforts will cease while the patient is given a reasonable opportunity to enter into reasonable payment terms after the verification of income and circumstances. Both parties understand and agree that if payment terms are extended and hospital believes that the patient has materially defaulted that collection activities may resume.
 - c. Agent agrees to use all its departments, as necessary, including the legal, skip trace and regular collection departments to collect past due accounts on a contingent fee basis as further defined in Section 2 of this Agreement.
 - d. Agent agrees to provide Lakeview Hospital with specialized reports including:
 - (1) Acknowledgment of accounts placed for collection.
 - (2) Remittance statement prepared monthly showing all payments made to agent and hospital.
 - (3) Clients cancel and return report of accounts closed by agent or hospital.
 - (4) Debtor master list prepared quarterly or as requested by client.
 - (5) Client production analysis report.
 - (6) Debtor fact sheets listing detailed debtor contacts as requested by hospital.

- (7) The Agency and Attorney will keep a log of all oral and written complaints received by any patient concerning the conduct of the agency. For purposes of this paragraph, a “complaint” is any communication from a patient or patient’s representative in which they express concerns about the conduct of the debt collection agency. The Hospital shall obtain a complete copy of the log at least six (6) times per year. The Hospital’s contract with the debt collection agency shall state that failure by the agency to log and provide all patient complaints in the manner required by this paragraph may result in termination of the Hospital’s contract with the agency.
 - (8) Any other reports the Hospital may from time to time require.
 - e. Agent will not settle an account without the involvement of Lakeview Hospital Business Office Manager to reduce or discount amounts owed to hospital for the purpose of settlement.
 - f. The Agency and the Attorney shall keep a record of the date, time, and purpose of all communications to or from its patients.
 - g. If a patient asks the Agency or Attorney for the contact information for the Hospital, the Agency or Attorney will provide the patient with the phone number and address required.
 - h. The Agency or Attorney shall include the following language on all collection notices sent to patients by it or its third party debt collection agencies or attorneys, and on all cover letters serving all lawsuits and garnishment papers:
 - (1) You have the option to address any concerns with the Minnesota Attorney
 - (2) General’s Office, which can be reached at 651-296-3353 or 1-800-657-3787 or the Hospital at 651-430-4533.
 - (3) The Agency or Attorney shall print this language with the prominence required for notices under the federal Fair Debt Collection Practices Act.
 - i. The Agency or Attorney shall not use abusive, harassing, oppressive, false, deceptive, or misleading language or collections procedures.
2. Commissions and Special Handling for Second Placements:
- a. Agent will remit the net amount collected to hospital by the tenth (10th) day of the following month. No fees will be charged on accounts placed in error by hospital.
 - b. Agent will provide Lakeview Hospital with specific contact personnel to handle the daily management of this Agreement. These personnel will remain employees of agent and agent will at all times retain control over the manner and means under this Agreement as an independent contractor. The foregoing notwithstanding agent acknowledges it’s obligation to act in accordance with the agreement between hospital and the Minnesota Attorney General attached hereto and incorporated by reference. Agent may change the contact personnel upon prior written notification to hospital.



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- c. The Agency and Attorney shall become familiar with Lakeview's charity care policy and how a patient may obtain more information about the charity care policy or submit an application for charity care. The Agency or Attorney shall refer patients who they believe may be eligible for charity care to the hospital.
3. Authorization to Retain Legal Counsel: Lakeview Hospital has retained the services of agent, a collection agency licensed under the laws of the State of Minnesota, to collect certain Accounts Receivable more specifically as follows:
- a. Hospital in accordance with Minnesota Statutes hereby authorizes said agency to secure legal counsel on its behalf, and that said agency's course of conduct must at all times be consistent with a true relationship of attorney and client as between the attorney and creditor, and in addition, said agency is authorized to be a financial conduit for all monies collected by the attorney for the creditor.
 - b. Hospital will authorize agent to retain the services of an attorney on its behalf, to institute legal proceedings in its name, hospital original creditor, for recovery of the above described Accounts Receivable, provided that agent obtains prior approval from the appropriate hospital representative before instituting any and all legal proceedings as stated in Section 1.5. Additionally, Lakeview Hospital reserves the right in its sole discretion to require that agent terminate the services of any attorney which hospital believes has acted in a manner inconsistent with its nonprofit mission and any such attorney shall be a party to this agreement.

Collection Agency Litigation:

1. In order to begin litigation against a Lakeview patient the collection agency or its attorney must obtain an assignment from the Business Office Manager prior to legal proceedings.
2. Before approval of assignment the Business Office Manager must verify that:
 - a. The patient owes the debt.
 - b. All insurance companies that may be responsible to pay the claim have been properly billed.
 - c. The patient has been offered a payment plan if the patient cannot afford to pay the entire bill at once.
 - d. The patient has been offered any free or discounted care for which the patient may be eligible under the hospital's charity care policy.
 - e. The patient wages and bank account are not exempt from wage garnishment.
 - f. That the patient is not known to be hospitalized at this time and unable to respond to the litigation.



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3. Once assignment has been granted to the collection agency the patient wages cannot be garnished until the judgment has been entered and the following process has occurred.
 - a. Assignment is obtained for each case from the Business Office Manager.
 - b. Final notice is sent to the debtor.
 - c. On receipt of the executed assignment sign by Lakeview Business Office Manager send summons and complaint to the debtor's county of residence.
 - d. Upon receipt or soon thereafter of the summons and complaint the court will assign a hearing date and advice both plaintiff (our collection agency) and defendant (the patient) of the court date and the location the case will be heard in.
 - e. After court appearance the court will advise the plaintiff and the defendant of the courts decision. If a decision is made on behalf of the plaintiff then the decision will show a judgment date and the date the judgment becomes final.
 - f. If the judgment becomes final and no settlement has been reached with the debtor, then an "Execution Exemption Notice/10 day notice is send to the debtor.
 - g. Upon expiration of "Execution Exemption Notice" the judgment is then transcribed in District Court.
 - h. After district court transcribes the judgment they will return the "Writ of Execution".
 - i. Complete "Writ of Execution" and distribute with attendant support documents for wage garnishment or levy against bank account.
 - j. Complete satisfaction after payment in full.

RELATED DOCUMENTS:

ADM-HMR-234, Attorney General Agreement

REFERENCE MATERIALS: None

COMMITTEE APPROVAL: Finance and Audit Committee of the LHS Board of Directors.