



POLICY AND PROCEDURE		POLICY NO.:
<u>Subject:</u> Billing & Collections Policy		PA-COL 4
ORIGINAL DATE:	SUPERSEDES:	PAGES:
6/30/2016		6

Key Words: Self Pay; Self-pay; Uninsured; Prompt Pay; Underinsured

Applies to: Inpatient: Outpatient: Provider: All: X
Video:

I. POLICY:

This Billing and Collections policy applies to The Methodist Hospitals, Inc. (“Methodist”), including physician and physician extenders which bill under Methodist’s tax identification number, together with Financial Assistance Policy, is intended to meet the requirements of applicable federal, state, and local laws, including, without limitation, section 501(r) of the Internal Revenue Code of 1986, as amended, and the regulations there under. This policy establishes the actions that may be taken in the event of nonpayment for medical care provided by Methodist, including but not limited to extraordinary collection actions. The guiding principles behind this policy are to treat all patients and Individual(s)'s Responsible equally with dignity and respect and to ensure appropriate billing and collection procedures are uniformly followed and to ensure that reasonable efforts are made to determine whether the Individual(s) Responsible for payment of all or a portion of a patient account is eligible for assistance under the Financial Assistance Policy.

II. DEFINITIONS:

- A. **Plain Language Summary** means a written statement that notifies an Individual(s) that Methodist offers financial assistance under the FAP and contains the information required to be included in such statement under the FAP.
- B. **Application Period** means the period during which Methodist accepts and processes an application for financial assistance under the FAP. At a minimum, the Application Period begins on the date the care is provided and ends on the 240th day after the Methodist provides the first post discharge billing statement.
- C. **Billing Deadline** means the date after which Methodist or collection agency may initiate an ECA against a Responsible Individual(s) who has failed to submit an application for financial assistance under the FAP. The Billing Deadline must be specified in a written notice to the

Responsible Individual(s) provided at least 30 days prior to such deadline, but no earlier than 120 days after the first post discharge statement.

- D. **Completion Deadline** means the date after which Methodist or collection agency may initiate or resume an ECA against an Individual(s) who has submitted an incomplete FAP if that Individual(s) has not provided the missing information and/or documentation necessary to complete the application or denied application. The Completion Deadline must be specified in a written notice and must be no earlier than the later of (1) 30 days after Methodist provides the Individual(s) with this notice; or (2) the last day of the Application Period.
- E. **Extraordinary Collection Action (ECA)** means any action against an Individual(s) responsible for a bill related to obtaining payment of a Self-Pay Account that requires a legal or judicial process or reporting adverse information about the Responsible Individual(s) to consumer credit reporting agencies/credit bureaus. ECAs do not include transferring of a Self-Pay Account to another party for purposes of collection without the use of any ECAs.
- F. **FAP-Eligible Individual(s)** means a Responsible Individual(s) eligible for financial assistance under the FAP without regard to whether the Individual(s) has applied for assistance. Financial Assistance Policy (FAP) means Methodist's Financial Assistance Program for Uninsured/Underinsured patients, which includes eligibility criteria, the basis for calculating charges, the method for applying the policy, and the measures to publicize the policy, and sets forth the financial assistance program.
- G. **Financial Services** means the department of Methodist responsible for communicating with patients regarding FAP.
- H. **Responsible Individual(s)** means the patient and any other Individual(s) having financial responsibility for a Self-Pay Account. There may be more than one Responsible Individual(s).
- I. **Self-Pay Account** means that portion of a patient account that is the Individual(s) responsibility of the patient or other Responsible Individual(s), net of the application of payments made by any available healthcare insurance or other third-party payer (including co-payments, co-insurance and deductibles), and net of any reduction or write off made with respect to such patient account after application of an Assistance Program, as applicable.

III. PROCEDURE:

- A. Methodist may request payment for any known patient responsibility for medical care (such as co-pays or deductibles) prior to or at the time care is provided (other than Emergency Care). With respect to Emergency Care, Methodist may request payment for any known patient responsibility for emergency medical care after the care is provided. If a patient has not paid Methodist at the time medical care is provided, Methodist will bill the Responsible Individual.
- B. Subject to compliance with the provisions of this policy, Methodist may take any and all legal actions, including Extraordinary Collection Actions, to obtain payment for medical services provided.

- C. Methodist will not engage in ECAs, either directly or by any debt collection agency or other party to which Methodist has referred the patient's debt, before reasonable efforts are made to determine whether a Responsible Individual(s) is eligible for assistance under the FAP.
- D. All patients will be offered a Plain Language Summary and an application form for financial assistance under the FAP as part of the discharge or intake process from Methodist.
- E. At least three separate statements for collection of Self-Pay Accounts shall be mailed or emailed to the last known address of each Responsible Individual(s); provided, however, that no additional statements need be sent after a Responsible Individual(s) submits a complete application for financial assistance under the FAP or has paid-in-full. At least 60 days shall have elapsed between the first and last of the required three mailings. It is the Responsible Individual(s) obligation to provide a correct mailing address at the time of service or upon moving. If an account does not have a valid address, the determination for "Reasonable Effort" will have been made. All Single Patient Account statements of Self-Pay Accounts will include but not limited to:
 - a. An accurate summary of the Methodist services covered by the statement;
 - b. The charges for such services;
 - c. The amount required to be paid by the Responsible Individual(s) (or, if such amount is not known, a good faith estimate of such amount as of the date of the initial statement); and
 - d. conspicuous written notice that notifies and informs the Responsible Individual(s) about the availability of Financial Assistance under the hospital FAP including the telephone number of the department and direct website address where copies of documents may be obtained.
- F. At least one of the statements mailed or emailed will include written notice that informs the Responsible Individual(s) about the ECAs that are intended to be taken if the Responsible Individual(s) does not apply for financial assistance under the FAP or pay the amount due by the Billing Deadline. Such statement must be provided to the Responsible Individual(s) at least 30 days before the deadline specified in the statement. A Plain Language Summary will accompany this statement. A Plain Language Summary may also be included with other statements. It is the Responsible Individual(s) obligation to provide a correct mailing address at the time of service or upon moving. If an account does not have a valid address, the determination for "Reasonable Effort" will have been made.
- G. If Methodist chooses, a Responsible Individual(s) propensity to pay will be determined based on that assessment of the Responsible Individual(s) likelihood to pay and estimated dollar amount of the Self-Pay account.
- H. Prior to initiation of any ECAs, an oral attempt will be made to contact Responsible Individual(s) by telephone at the last known telephone number, if any, at least once during the series of mailed or emailed statements or by a collection agency if the account remains unpaid. During all conversations, the patient or Responsible Individual(s) will be informed about the financial assistance that may be available under the FAP.
- I. If no positive patient response is received after 120 days from the first billing statement, Methodist may characterize the unpaid balance as bad debt. Methodist may continue its own

bad debt collection efforts or refer the bad debt account to a collection agency for additional collection efforts in accordance with this policy. Notwithstanding bad debt classification or referral to a collection agency, a patient may apply for financial assistance outlined in Methodist's Financial Assistance Policy, for at least an additional 120 days, for a minimum, total application period of 240 days from the first billing statement. A patient, if not eligible for financial assistance, may be eligible for a discount from charges under the Self-Pay Policy.

J. ECAs may be commenced as follows:

1. If any Responsible Individual(s) fail to apply for financial assistance under the FAP by 120 days after the first post discharge statement, and the Responsible Parties have received a statement with a Billing Deadline described in Section III.E above, then Methodist or collection agency may initiate ECAs.
2. If any Responsible Individual(s) submits an incomplete application for financial assistance under the FAP prior to the Application Deadline, then ECAs may not be initiated until after each of the following steps has been completed:
 - a. Financial Services provides the Responsible Individual(s) with a written notice that describes the additional information or documentation required under the FAP in order to complete the application for financial assistance, which notice will include a copy of the Plain Language Summary.
 - b. Financial Services provides the Responsible Individual(s) with at least 30 days' prior written notice of the ECAs that Methodist or collection agency may initiate against the Responsible Individual(s) if the FAP application is not completed or payment is not made; provided, however, that the Completion Deadline for payment may not be set prior to 120 days after the first post discharge statement.
 - c. If the Responsible Individual(s) who has submitted the incomplete application completes the application for financial assistance, and Financial Services determines definitively that the Responsible Individual(s) is ineligible for any financial assistance under the FAP, Methodist will inform the Responsible Individual(s) in writing the denial and include a 30 days' prior written notice of the ECAs that Methodist or collection agency may initiate against the Responsible Individual(s); provided, however, that the Billing Deadline may not be set prior to 120 days after the first post discharge statement.
 - d. If the Responsible Individual(s) who has submitted the incomplete application fails to complete the application by the Completion Deadline set in the notice provided pursuant to Section III.J.2.b above, then ECAs may be initiated.
 - e. If an application, complete or incomplete, for financial assistance under the FAP is submitted by a Responsible Individual(s), at any time prior to the Application Deadline, Methodist will suspend ECAs while such financial assistance application is pending.

K. Methodist's Chief Financial Officer or his designee has the final authority to determine whether reasonable efforts have been made to determine whether a patient qualifies for financial assistance.

- L. After the commencement of ECAs is permitted under Section III.J above, collection agencies shall be authorized to report unpaid accounts to credit agencies, and to file judicial or legal action, garnishment, obtain judgment liens and execute upon such judgment liens using lawful means of collection; provided, however, that prior approval of Methodist shall be required before initial lawsuits may be initiated. Methodist and external collection agencies may also take any and all legal other actions including but not limited to telephone calls, emails, texts, mailing notices, and skip tracing to obtain payment for medical services provided.
- M. Each collection agency that performs services for Methodist shall be provided a copy of this policy. Methodist shall enter into a written contract with any collection agency to which it refers bad debt. The contract will obligate the collection agency to observe the same procedures with respect to determining qualification for financial assistance as Methodist. The contract shall prohibit the referral or sale of the bad debt to another party.

IV. POLICY AVAILABILITY

A free copy of the Financial Assistance Policy, Financial Assistance Application Form, Plain Language Summary, Self-Pay Policy, or Collection Policy may be obtained by one of the following methods: (1) on the Methodist Hospital website at www.methodisthospitals.org/billing_info/obtaining-financial-assistance/; or (2) at our Northlake or Southlake campus in our admissions areas or emergency departments; or (3) call the Call Center at 219-981-6180 to request a free copy be mailed to you.

V. DOCUMENT INFORMATION

A. Prepared by

Director, Revenue Cycle 6/30/2016

B. Review and Renewal Requirements

This policy will be reviewed every three years and as required by change of law, practice or standard.

C. Review / Revision History

D. Approvals

- 1. This Policy & Procedure has been reviewed and approved by the Department Director & Vice President(s) of the Service Group(s):

Department Director
Pete Melcher

Date
6/30/2016

Chief Financial Officer
Matthew Doyle

Date
6/30/2016

This Policy & Procedure has been reviewed and/or approved by the following committee(s):

Board of Directors for The Methodist Hospitals, Inc.