

**Pondera Medical Center
Administrative Policy/Procedure**

Policy Number: 84.03.2013.OP.44

TITLE: Billing and Collection Policy

AREAS AFFECTED: Hospital and Rural Health Clinic

PURPOSE:

The Billing and Collection policy is designed to provide financial viability while maximizing the availability of health care services in a consistent, equitable and effective manner to assure those who require health care services are able to obtain such services regardless of their ability to pay, while requiring as much payment as possible be made toward the cost of the services.

DEFINITIONS:

Emergency: A medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in placing the health of the individual in serious jeopardy, serious impairment to bodily functions or serious dysfunction of any bodily organ/part or possible death, or with respect to a pregnant woman who is having contractions and there is inadequate time to affect a safe transfer to another hospital before delivery, or that the transfer may pose a threat to the health or safety of the woman or her unborn child.

Extraordinary Collection Action (ECA): Actions taken against a patient or any other individual who has accepted or is required to accept responsibility for the patient's bills that involve a) legal or judicial process; b) reporting adverse information about the individual to consumer credit agency or credit bureau ; c) liens or; d)selling an individual's debt to a third party. ECAs do not include deferring or denying care based on a pattern of nonpayment, requiring deposits before providing care or charging interest, to the extent that such practices are not prohibited with respect to the hospital's obligation to provide emergency medical care.

Financial Assistance Eligible: A patient eligible for financial assistance under the Patient Financial Assistance Policy.

Insured: A patient with health insurance or coverage under governmental programs.

Scheduled Services: Medical care scheduled with the hospital prior to the anticipated delivery of care.

Underinsured: A patient with limited health insurance coverage or limited coverage under governmental programs, and may have limited third party assistance.

Uninsured: A patient with no health insurance or coverage under governmental programs, and is not eligible for any other third party assistance to assist.

Unscheduled Services: Medical care that is not classified as an emergency and does not require scheduling.

POLICY:

Pondera Medical Center (PMC) requires payment for all services rendered to patients. Except where prohibited by law or contract, the hospital will expect payment in full on accounts by the patient/guarantor.

PMC will provide emergency care including evaluation of emergency conditions and necessary emergency treatment to individuals who present themselves as emergency patients without regard to age, race, religion, sexual orientation, or ability to pay. PMC will follow the same criteria as established under the EMTALA Law and Regulations.

PMC will provide non-emergency care for those who are uninsured, underinsured, or do not have the ability to pay for medically necessary healthcare services. PMC will identify any patient financial responsibility prior to services and require the patient/guarantor to pay or make acceptable financial arrangements for payment prior to service being rendered. Discounted care will be available to those who apply and qualify for the hospital's financial assistance program. It will be the applicant's responsibility to demonstrate inability to pay.

PMC is committed to assisting patients that do not have the financial resources to pay for their health care services. The hospital will make available financial counseling to determine the appropriate disposition of the patient account. Patient Financial Services Personnel will review such accounts for possible financial assistance from state, federal, and/or endowment funds programs. PMC will provide financial assistance to patients who apply for and meet criteria as outlined in the patient financial assistance policy. Any patient/guarantor who refuses to complete the application and/or provide the requested documents will be considered as having the ability to pay his/her account and the account will be handled accordingly.

A brochure, outlining hospital payment guidelines, will be available to patients. Patients with any questions or concerns regarding this policy should be directed to PMC Patient Financial Services at (406) 271-3211.

The Chief Financial Officer or Director of Finance will be responsible for interpretation of this policy.

1. Types of Service

a. Scheduled Services

- i. Scheduled services will be reviewed by Patient Financial Services Personnel prior to services being rendered.
- ii. An estimate of patient liability based on average charges per service and individual insurance benefit coverage will be calculated and communicated to the patient prior to arrival.
- iii. Satisfactory financial arrangements for the patient's self-pay portion must be completed prior to the time services are rendered.

- iv. Patients with active overdue accounts will be asked to make satisfactory payment arrangements and/or successfully apply for financial assistance prior to the delivery of non-emergency services.
- b. **Unscheduled Services**
 - i. Self-pay patient balances for unscheduled services provided will be due and payable prior to services being rendered.
 - ii. An estimate of patient liability based on average charges per service will be used. If the amount of patient responsibility can't be identified a minimum deposit amount in accordance with the point of service collection policy will be due and payable prior to services being rendered.
 - 1. It is recognized that upfront financial counseling is not always possible in these instances; consequently payment arrangements may be made at the point of or post service.
 - iii. Patients with active overdue accounts will be asked to make satisfactory payment arrangements and/or successfully apply for financial assistance prior to the delivery of non-emergency services.

2. Types of Patients

- a. **Insured Patients**
 - i. PMC will extend credit on third-party benefits assigned to the hospital after coverage has been confirmed preferably through eligibility inquiry or direct contact with the third-party. The patient/guarantor remains ultimately responsible for payment.
 - ii. Insured patients that do not qualify for financial assistance are responsible for paying co-pays, deductibles, co-insurance and/or fees for non-covered services prior to the time services are rendered. Payment plans may be available to patients based on the amounts due and the patient's financial history.
 - iii. The hospital may elect not to extend credit based on eligibility and previous payment history of the third-party insurance. These accounts will be considered self-pay and the patient will be given information to submit to their insurance company if so requested.
- b. **Uninsured Patients**
 - i. Uninsured patients that do not qualify for a financial assistance or state, federal, and/or endowment funds program are responsible for charges prior to the time services are rendered. Payment plans may be available to patients based on the amounts due and the patient's financial history.
- c. **Financial Assistance Eligible Patients**
 - i. Patients eligible for financial assistance are not responsible for their portion of the charges prior to the time services are rendered.
 - ii. Patients eligible for financial assistance with active overdue accounts will not be asked to make satisfactory payment arrangements prior to the delivery of services.

3. Methods of Payment

- a. The following payment options will be available to patient/guarantors.
 - i. All major credit cards, debit cards, cash, money order, and check are accepted.

- ii. Automatic withdrawal from checking or savings accounts.
 - iii. Financial assistance approval.
- b. Payments received without an account specified, will be applied to the oldest account balance first.

4. Prompt Pay Discounts

- a. Prompt pay discounts are available on outpatient, emergency room, and inpatient accounts for uninsured patients that comply with the specified guidelines below.
 - i. A 15% discount is available for accounts paid in full at the time of service or within 3 business days thereafter if patient responsibility cannot be determined at the time of service.
 - ii. A 10% discount is available for accounts paid in full within 28 days of first statement.

5. Payment Plans

- a. PMC requests payment in full as the preferred payment option, however payment plans may be offered to patients based on the amounts due and the patient's financial history.
 - i. Plan I – three (3) equal payments within 60 days, first payment due prior to service.
 - ii. Plan II – four (4) equal payments within 90 days, first payment due prior to service.
 - iii. Plan III – five (5) equal payments within 120 days, first payment due prior to service.
 - iv. After all other plans have been exhausted; monthly payments may be accepted for a period not to exceed one (1) year from the date of first statement.
 - v. Payment plans extending beyond one (1) year from the date of first statement, may be available in extenuating circumstances, and must be approved by the Director of Finance or CFO.
- b. Payment plans established on active overdue accounts require first payment prior to delivery of additional non-emergency services.
- c. A payment agreement signed by the patient/guarantor is required to establish a payment plan. The payment agreement shall be noted in the account notes, entered into the account terms, and scanned to the account.
- d. An account with a payment plan will continue to age if the agreed upon payment is not met.
- e. Additional accounts will not be automatically added to the terms agreement. Patients will be responsible for contacting Patient Financial Services to discuss payment arrangements for new or additional accounts.

6. Billing

- a. Third-Party
 - i. As a courtesy to patients, PMC will bill all acceptable third-parties for payment when complete information and assignment is provided by the patient. Reimbursement from the third-party is expected within 60 days of billing at

which point the remaining balance becomes patient responsibility, except where prohibited by law or contract.

- ii. PMC will re-bill the third-party insurance one time if requested by the patient/guarantor. If no payment is received after billing twice, the account will be considered self-pay and the patient/guarantor is responsible for payment. Exceptions may be made to this after review with the Director of Finance.
- b. Self-Pay Accounts
- i. PMC will mail statements on self-pay accounts to the patient/guarantor every 28 days. A minimum payment must be received on each account after each mailing to keep the account from advancing to the next event.
 - ii. PMC will attempt to contact the patient/guarantor via phone twice before the account is recommended for outside collection if the balance on the account is \$50 or greater.
 - iii. An account will age for 129 days, in which three (3) billing statements and two (2) collection letters are sent before the account is reviewed for outside collection.
 - iv. If collection letter-1 is sent and payment is received after the letter, the collect code will be reset and the account will receive a billing statement next run.
 - v. If collection letter-2 is sent, payment in full or an acceptable payment agreement with first payment must be received within 14 days of the letter to stop the account from advancing to collections.

7. Outside Collection/Bad Debt

- a. PMC will attempt to collect all debts by way of monthly billing statements, telephone contacts, and/or collection letters. Uncollected delinquent accounts may be referred to an external collection agency or attorney for continued collection efforts.
 - i. Accounts are written off to bad debt the day they are sent to the collection agency.
 - ii. Accounts will be placed in pre-collect status for 30 days.
 - iii. An account in pre-collect will not be called back to PMC unless an acceptable payment plan with first payment has been received during the 30 day pre-collect period.
 - 1. If one payment is missed on the account called back to PMC, the account may be referred back to the collection agency. A debtor may only take advantage of this option one time.
 - iv. After 30 days accounts are transferred to direct collection, at which time extraordinary collection action may be taken and additional fees may apply.
 - v. An account in direct collection will not be called back to PMC. Extenuating circumstance may be considered and must be approved by the Director of Finance or CFO.
- b. An account may be identified as bad debt and not sent to an outside collection agency in the following situations: a) account in litigation b) documented reason by CEO, CFO, or DOF.
 - i. All accounts identified as bad debt and not sent to an outside collection agency must have documented approval of the Director of Finance or CFO prior to being written off to bad debt.
- c. An account may be identified as bad debt prior to 129 days in the following situations:

- i. guarantor has other accounts in bad debt;
 - ii. guarantor has expired and left no estate;
 - iii. guarantor has declared bankruptcy;
 - iv. guarantor is unable to be located; or
 - v. guarantor has missed agreed upon payments.
- d. All accounts identified as bad debt prior to 129 days must have documented approval of the Director of Finance or CFO prior to being referred to outside collection.

8. Extended Care (ECF) Accounts

- a. Refer to ECF billing and collection policy.

9. Employee Patient Accounts

- a. Employee patient accounts will be handled in a manner consistent with the financial expectations of any PMC patient.
- b. Employees may utilize payroll deduction as an alternative method for payment of hospital accounts.
 - i. Payroll deduction payment plans must be consistent with payment plans offered within.
 - ii. If an employee elects to use payroll deduction, they will be responsible for completing a payroll deduction form for any new or additional accounts prior to services being rendered.

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Contact Person: Chief Financial Officer, Director of Finance

Executive Approval: *Bell O'Leary*

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