

<p><b>SUBJECT:</b></p> <p style="text-align: center;"><b>St. Joseph’s Healthcare System</b> <b>Bad Debt and Collection Agency Policy</b></p>
<p><b>APPROVALS:</b></p>
<p><b>ORIGINATION DATE:</b></p>
<p><b>REVIEW / REVISION DATE</b></p>
<p><b>POLICY #</b></p>

**POLICY**

It is the policy of St. Joseph’s Healthcare System (“SJHS”) operating as St. Joseph’s Regional Medical Center, St. Joseph’s Wayne Hospital, and St. Vincent’s Nursing Home to transfer delinquent unpaid account balances to bad debt and place them with a collection agency for continued collection follow-up no sooner than 120 days from the first post discharge billing statement.

**BAD DEBT & COLLECTION PROCEDURE**

During the first 120 days after the patient’s first patient billing statement post discharge SJHS shall not refer the account to a bad debt collection agency or engage in any other extraordinary collection action (“ECA”).

The transfer to bad debt of an unpaid balance is automatic after at least 120 days from the first post discharge billing statement.

An individual shall have a period of 240 days after the patient’s first patient billing statement post discharge to submit an application for financial assistance.

Prior to engaging in any ECA SJHS shall provide an individual with thirty (30) days written notice which will:

1. Provide the individual with written notice that states financial assistance is available for eligible individuals;
2. Identify the ECAs the hospital facility intend to take;
3. Provide the deadline of when the hospital facility is allowed to begin initiating ECAs (this is no earlier than 30 days after the date that the written notice is provided);
4. Provide the individual with a Plain Language Summary of the Financial Assistance Policy (FAP); and

5. Make a reasonable effort to orally notify the individual about the hospital facility's FAP and how the individual may obtain assistance with the FAP application process.

If an individual submits an incomplete application for financial assistance prior to the expiration of the 240 days after the patient's first patient billing statement post discharge SJHS shall do the following:

1. Suspend any ECAs against the individual; and
2. Provide a written notice describing the additional information and/or documentation the individual must submit to complete the application along with a plain language summary of the FAP.

After the account is transferred to bad debt, the account is placed with an outside collection agency. All collection vendor contracts will be reviewed annually for continued compliance with hospital collection policy and practices.

The collection agency works the account and per the vendor contract implements collection processes to resolve the outstanding balance. Additional information may be provided by the hospital as requested. The steps below will be followed while working the account:

- a. Appropriate security clearance for a designated agency representative to access the hospital system needed to work the account.
- b. All original correspondences received by SJHS pertaining to a bad debt account after it is scanned into the hospital's electronic document imaging system.

#### **BAD DEBT RESOLUTION PROCEDURE FOR PATIENTS**

If a patient contacts the Patient Financial Services Department ("PFS Department") within 240 days from the date of the first post discharge billing statement and completes the Financial Assistance Application, the collection agency will be instructed to cease all collection activity until the application is reviewed.

- a. If the patient qualifies for assistance, the agency will be instructed, in writing, to close and return the account.
- b. The account balance in the SJHS patient accounting system will be adjusted appropriately and/or the bill will be sent to the appropriate party for reimbursement.

If during the course of the agency's contact with the debtor it becomes known that the patient wishes to apply for financial assistance, the agency will put the account on hold and advise the PFS Department, in writing.

- a. The PFS Department will then contact the patient within 10 business days and schedule a Financial Assistance appointment to review the FAP and complete the application.
- b. If the patient qualifies for assistance, the agency will be instructed in writing to close and return the account.
- c. The account balance in the SJHS patient accounting system will be adjusted appropriately and/or the bill will be sent to the appropriate party for reimbursement.

### **EXTRAORDINARY COLLECTION ACTIONS**

Consistent with its Mission, SJHS does not generally engage in Extraordinary Collection Actions (“ECA”) such as selling debt to third parties or placing liens on property. However, in certain situations, on an individual basis, legal actions may be taken with the approval of the Chief Financial Officer and written notice to the patient/ guarantor. In this situation the following procedure will be followed:

1. The Chief Financial Officer (“CFO”) will document the facts of the situation and issue written approval to proceed with ECA.
2. At least 30 days written notice of ECA, with a copy of the PLS will be issued to the patient/guarantor.
3. CFO will assume responsibilities for monitoring all ECA activities related to the account .

### **COLLECTION AGENCY PROCEDURE**

The collection agencies that SJHS contract with receive a commission on the payments collected. Each collection agency will submit monthly invoices to the PFS Department with all pertinent account and payment information.

1. Hospital Accounts
  - a. The invoice will be accompanied by a check for the total amount of payments received by the agency on the hospital’s behalf and posted to the appropriate patient account. Checks will not be accepted that are net of commissions.
  - b. Invoices will be held for five (5) business days for accuracy review.
  - c. Once an invoice is deemed to be correct, both the Manager and Director of PFS will place the budget code, sign, date, and submit to Accounts Payable for payment.
2. Physician’s Accounts

- a. Payments will be recorded as paid in physician's billing system.
- b. Checks, net of commission, are deposited to appropriate bank account.