

LITTLE COMPANY OF MARY HOSPITAL AND HEALTH CARE CENTERS  
Evergreen Park, Illinois

January 9, 2019

HOSPITAL DIRECTIVE

No. 85  
(Revised)

Subject: CREDIT AND COLLECTION POLICY

Purpose:

The purpose of this policy is to permit Little Company of Mary Hospital (LCMH) and Health Care Centers to provide medical care to the community by giving recognition to the fact that prudent stewardship permits the continued provision of quality patient care.

Policy:

~~Emergency Services - Medical services shall not be refused to any person requiring emergency treatment, nor shall any required treatment be withheld or withdrawn for other than medical reasons. An emergency medical condition exists, for severe pain or for immediate diagnosis and/or treatment of conditions or injuries, which might result in disability or death.~~

Elective Services - An elective service (inpatient or outpatient) is defined as any service that does not require treatment for an emergent medical condition. Physician authorized elective services will be provided if one of the following conditions exists:

- The patient is covered under a government agency payment plan.
- The patient has insurance coverage through an organization with which Little Company has a contractual agreement.
- The patient has verified insurance coverage that will cover 80% of the estimated treatment charges.

AND/OR

- The patient enters into a financial arrangement with Little Company to guarantee payment of all expected self-pay charges (subject to any exceptions that may apply under the terms of LCMH's Charity Policy Hospital Directive No.74).

Treatment for an elective service may be denied if the patient has violated the terms of previous financial arrangements, or has had a prior bad debt history, or has a current outstanding balance at a collection agency.

Procedure:

Admission/Registration - The patient access staff is responsible for gathering all pertinent information and exploring possible payment alternatives. These activities will be conducted in accordance with the provisions of EMTALA so as not to delay stabilization of an emergent medical condition. The Patient Access department and Intake Team will promptly verify eligibility and benefit

coverage for all inpatients and day surgery patients prior to admission. They will refer to a financial counselor all patients who are expected to have self-pay charges. Registration areas shall have signs and have written materials available in the registration area referring to the hospital's financial assistance policy. The financial counselor will inform the patient/guarantor about the credit and collection policies of LCMH.

Patient Responsibilities - Patients must cooperate in good faith by providing the necessary documentation needed to determine eligibility for financial assistance and reasonable payment plan options within 30 days of the hospitals' request. Material changes in a patient's financial situation must be reported to the hospital within 30 days of the change.

It is the responsibility of the financial counselor to obtain payment or deposit in advance as appropriate or secure a financial arrangement with the patient/guarantor to satisfy the financial obligation. In non-emergency situations, financial arrangements are to be made prior to rendering services.

A patient who has insurance coverage through a contracted HMO, PPO or other managed care plan and who arrives without authorization will be informed that he/she is being classified as a self-pay patient prior to rendering of services.

For a patient who is classified as uninsured, the financial counselor will complete a Financial Evaluation Worksheet to determine if the patient qualifies for a government assistance program. If the patient does not qualify for governmental assistance, the counselor will ascertain whether the patient is eligible under the provisions of Little Company's Charity Care Policy.

Depending upon the results of the financial assessment, an uninsured patient/guarantor may be asked to make a cash deposit equal to 50% of the estimated charges after applying the charity care discount upon elective admission/registration (a deposit of less than 50% may be authorized by the Business Office Manager on a case-by-case basis). For those patients who have third party coverage, the patient/guarantor will be asked at time of admission/registration for all estimated self-pay charges. If the patient/guarantor is unable to pay the requested deposit or patient's health plan required amounts, denial of elective service may occur, if the patient refuses to enter into a payment arrangement.

For those patients who have third party coverage and the patient/guarantor has demonstrated timely LCMH payment history within the last year, self-pay portion maybe billed to the patient/guarantor.

Any patient who has violated a previous financial agreement, or has had a prior bad debt history, or has a current outstanding balance at a collection agency with Little Company of Mary Hospital will be asked to make a deposit up to amounts generally billed for these services. In no case, will this prevent any patient from obtaining medically necessary care.

Collection - The Business Office Manager and Management Information Systems, shall be responsible for rendering regular statements to all self-pay accounts and follow-up on these accounts.

Patient statements will note address and a telephone number for inquires on amount due. Additionally inform patients on:

- How to apply for a payment plan.
- Availability of hospital's financial assistance for uninsured patient and application process.
- How to obtain an itemized bill.

Patient phone calls regarding amount due should be responded to within 2 business days and written correspondence within 10 business days.

It is the responsibility of the Business Office Manager to insure that payment is received promptly, from whatever source the hospital may legally pursue, subject to the following prohibitions:

- No evictions
- No seizure of property
- No body attachments/arrest

Bad Debts/Collection Agency Referrals - For all patients there will be no collection agency referral if the patient has requested a reasonable payment plan. Collection action may proceed if there is no payment plan agreement within 30 days of the request. LCMH will not pursue collection activities against the uninsured until:

- Patient had the opportunity to assess amount due
- Apply for financial assistance
- Patient has 240 days following discharge to submit an application for financial assistance.
- Avail himself/herself to a reasonable payment plan

Furthermore, LCMH will not pursue any extraordinary collection activities (ECA) against individuals who are eligible for financial assistance prior to 120 days from the first post discharge billing statement. Examples of extraordinary collection activity include selling patient debt, reporting adverse information about an individual to a consumer credit reporting agency or bureau, deferring or denying medically necessary care because of non-payment, and taking any actions that require a legal or judicial process.

In the event that LCMH or one of its agents pursues an extraordinary collection activity the following process will occur prior to the ECA:

- LCMH or its agent will send a written notice to the individual at least 30 days prior to the ECA. The notice will include a statement notifying the individual about the ECA that is going to occur, a notice that the Hospital provides financial assistance, and a plain language summary of the financial assistance policy of the Hospital.
- LCMH or its agent will also make a reasonable effort to orally notify the individual about the Financial Assistance Policy and how to apply

Payment Arrangements - Any patient can request a payment plan for paying any self-pay amounts. The payment plan will be determined after the patient completes a Financial Evaluation Worksheet. Any payment plan should be structured to eliminate the amount owed as quickly as possible without undue hardship on the patient. Patients would be required to sign an installment note for any amount to be paid on a payment plan. The maximum monthly installment payments will be limited to 15% of after tax wages and payment periods of up to 5 years may be granted.

The Business Office Manager and or Director of Patient Financial Services shall be responsible for determining which accounts are eligible for write-off to bad debt, transfers to a collection agency and posting of bad debt on patient's credit report.

The Computer system will automatically transfer accounts into the collection agency according to the following criteria:

- 3 notices sent to the patient (statements or letters) with the last notice being 70 days from discharge
- Mail returned/phone disconnected
- No response to insurance requested information (i.e., COB, Claim form, referral)

When accounts are referred to collection agencies, they must be written off to bad debt. In the event that external collection services are required to obtain payment, the patient/guarantor may incur the costs to collect including agency/attorney fees and court costs. (Note: Where prohibited by third party contractual agreements, this fee is to be waived for these classes of patients). This expectation will be reflected in notices to the patient/guarantor regarding Little Company's payment policies. Any payment received on these accounts in the future would be recorded as a recovery of bad debt.

Once collection agency refers accounts for legal placement:

- 1) Patients will receive via Certified Mail one last notice from LCMH of financial assistance availability before legal placement.
- 2) If patient does not respond within 15 days for assistance account will be consider for legal placement.
- 3) Minimum \$1,000 account balance for legal placement.
- 4) Accounts being considered for legal action will be reviewed for employment status and collection agency's correspondence attempts and patient's responses.
- 5) Patient's credit report will be reviewed to determine ability to make payment.
- 6) For uninsured patients with full time employment and who had not previously applied for financial assistance, will receive a discount no less than the prevailing aggregate managed care discount.
- 7) If after legal placement it is determined by collection law firm that uninsured patient may qualify for a greater discount, that amount will be granted.
- 8) Uninsured patients with part time employment will be reviewed on a case-by-case basis to determine financial ability to make payments before legal placement.
- 9) Chief Financial Officer shall approve all lawsuits and authorization of any judgment enforcement. No court action will be taken against an uninsured who has clearly demonstrated that he/she has insufficient income or assets.

#### EXCEPTIONS

Exceptions can be made by referral of the Director of Patient Financial Services to the Chief Financial Officer.

John Hanlon, M.D.  
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See also HD#74 - Charity Care Policy

Approved by the Board of Directors - April 6, 2004  
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