

UPMC WESTERN MARYLAND Business Office Policy Manual	<u>Department/Division:</u> Business Office	<u>Policy Number:</u> 400-08
	<u>Effective Date:</u> November 12, 2010	<u>Reviewed/Revised:</u> 4/11, 12/11, 5/12, 10/12, 8/13, 6/14, 4/15, 7/15, 4/2015, 6/2016, 2/2017; 5/2019, 12/2019; 04/09/20, 1/1/24

CREDIT & COLLECTION POLICY

This policy applies to patient accounts identified as self-pay or with a remaining patient responsibility after insurance and/or financial assistance.

PURPOSE:

This policy applies to any UPMC Western Maryland (UPMCWM) employee who performs collection activity in the Patient Financial Services Department (PFS). These standards are intended as a guideline to assist in the management of medical services, they are not intended to replace professional judgment in administrative matters.

The purpose of this policy is to establish a policy and procedure for initiating collection actions and the write off of accounts receivable as well as the subsequent placement of the receivables with outside agencies or attorneys for collection. This policy documents a consistent practice for collecting amounts due from patients, regardless of insurance coverage, and the procedures necessary to record write-offs taken.

This policy is intended to comply with Section 501(r) of the Internal Revenue Code and has been adopted by UPMCWM's Board of Directors.

POLICY:

1. UPMCWM expects patients to pay for services at the time service is provided or within thirty (30) days of the first billing to patient for services not covered by insurance or financial assistance.
2. UPMCWM must take effective action to maintain timely accounts receivable turnover and ensure that the value of accounts receivable is accurately stated. To do this, patient accounts will be aged and written off as bad debts or charity and may be outsourced to collection agencies for further follow-up.
3. Emergency services will be provided to all patients regardless of ability to pay. Scheduled services will be provided after appropriate financial arrangements are confirmed by UPMCWM. Deposits may be required prior to scheduling services. Failure to pay required deposits may result in the rescheduling of non-emergent services.
4. Financial Assistance is potentially available for patients based on financial need as defined in the UPMCWM Financial Assistance Policy.
 - a. It is the patient's responsibility to provide accurate information regarding address, employment and health insurance in order to determine eligibility for financial assistance.
5. UPMCWM complies with all state and federal law and performs its credit and collection functions in a dignified and respectful manner.
6. UPMCWM does not discriminate on the basis of age, race, sex, color, national origin, creed, marital status, sexual orientation, gender identity, disability, or ability to pay.
7. UPMCWM will not sell bad debt receivables without first notifying the patient and exhausting routine collection efforts. UPMCWM will not charge a prejudgment interest rate for self-pay patients or accounts with balances after insurance
8. UPMCWM may use external collection agencies for extended business office, legal and/or collection activity to assist with collecting on patient accounts. These agencies act as an extended business office on behalf of UPMCWM

PROCEDURE:

1. Cash Collections

- a. Payment for identified co-payments and deductibles will be requested prior to or at the time of service. In the case of emergency services, no payment shall be requested until after a patient has received a medical screening exam and any necessary stabilizing treatment.
 - i. UPMCWM accepts cash, checks and credit cards to settle outstanding accounts.
 - ii. Medically necessary care will not be deferred or denied due to an outstanding balance for previously provided care.
- b. Subject to UPMCWM approval, payment arrangements may be made for patients who have difficulty paying in full.
 - i. Where appropriate, payment arrangements may be set up to resolve open balances within a reasonable timeframe.
 - ii. Payment arrangements that remain current will not be forwarded to bad debt collections.
 - iii. Income-based payment plans offered to all patients regardless of insurance status, citizenship status, immigration status and eligibility for reduced cost care. Plans limited to 5% of a patient federal or state adjusted gross monthly income (the lesser of). Prepayment is allowed. No penalties for early payment. Financial Counselors can be reached by phone (240) 964-8435 Option 2 for an application.
- c. For patient's checks returned from the bank, not-sufficient funds, (NSF) the check may be deposited again or the amount of the check will be added back onto the account as an unpaid balance. UPMCWM may charge a reasonable fee for all returned checks that will become part of the patient's financial responsibility
- d. There may be scenarios that occur during the collection process outlined above that may result in placing a hold on collection efforts (called an "administrative hold") until additional information is provided.
- e. An account balance is delinquent when a payment in full has not been received within forty-five (45) days after receipt of first bill. An approved payment plan or loan is delinquent when a monthly payment is not issued and remains unpaid after thirty (30) days after the due date.

2. Credit Balance Accounts

- a. UPMCWM will not refund insurance over-payments to the guarantor (patient or guardian) until all accounts for which the guarantor is responsible are paid in full. "Paid in full" means that the total account balance(s) owed are zero and not waiting for an insurance payment.
- b. Approved refunds will be issued on a reasonable and regular basis.

3. Accounts Receivable

- a. Patient statements, letters, or data mailers will be sent to patients approximately every 30 days. Patients/guarantors will receive four (4) or more statements within 120 days of the date on which the patient's financial responsibility has been determined.
- b. Depending on the patient's balance, age of account, and other variables, phone calls may be placed with patients/guarantors to collect on outstanding balances.
- c. If the patient/guarantor has not made a payment within 120 days of first billing date, or if the terms of an approved payment plan are not being met, the account shall be eligible for placement with a collection agency or may be assessed for Financial Assistance.
- d. If a statement is returned to UPMCWM from the US Post Office with an incorrect address, the account will be researched to find a correct address. If a correct address is not found, the account shall be placed with a collection agency prior to 120 days of first billing date, to assist in further collection efforts.
- e. UPMCWM contact information and a notice of availability of financial assistance shall be included on all statements sent to the guarantor/patient.

4. Write-Off Review

- a. If a patient account reaches a pre-determined aging with no account payment activity, or where the terms of an approved payment plan are not being met, the account will be assessed for possible small balance, bad debt or charity write off as follows:
 - i. **Small balance write-offs:** An automated process will be used to identify accounts with a debit balance. The accounts are processed with adjustment transactions and do not pass to bad debt but

rather to established “small balance write-off” codes for balances outlined in the Responsibility section of this policy.

- ii. **Bad Debt write-offs:** A periodic report will be generated to “pre-list” self-pay and self-pay after insurance accounts that may meet bad debt criteria outlined in the Responsibility section. Those accounts may be subject to review by management based upon dollar balance prior to submitting into bad debt status.
 - A. Only specific employees in the Patient Financial Services department will be given access to the bad debt functions in the patient accounting system.
 - B. Unless an administrative hold is placed on an account that has qualified for the bad debt pre-list, all accounts will automatically be moved into a bad debt status during the overnight batch processing within the patient accounting system.
 - C. Consistent with Maryland law regarding balance billing, accounts with a third-party insurance balance that have no insurance payment from the insurer for sixty (60) days may have that balance deemed to be self-pay. At that time, the patient may begin to receive statements in the same manner as a self-pay patient.
 - D. Wherever appropriate, write-offs shall be identified as charity care in accordance with UPMCWM’s Financial Assistance Policy. Any write-offs so identified will not be referred to any outside collection agencies.
 - E. Patient may request, or may be requested by UPMCWM, to apply for Medical Assistance prior to being awarded Financial Assistance. This request may be made prior to service, at time of service or during the billing and collection cycle. The account in question will not be forwarded to a collection agency during the Medical Assistance application process.

3. **Debt Collections**

- a. Where appropriate, UPMCWM may use a bad debt collection agency to continue to try to collect on >120 day after first bill aged accounts. Patients with balances that have been referred to a collection agency must resolve unpaid balances, request a payment plan, dispute amounts owed or request financial assistance. Collection agencies may assess finance charges and fees on the unpaid principal account balance
- b. For self-pay accounts that have not been assessed for financial assistance eligibility, prior to referring an account to a bad debt collection agency, UPMCWM shall provide written notice to the patient or responsible party at least thirty (30) days prior to the referral. Such written notice shall:
 - i. Inform the patient of availability of financial assistance;
 - ii. Identify the collection actions that UPMCWM may initiate to obtain payment such as; reporting adverse information to a consumer credit reporting agency or credit bureau; garnishment of wages; or initiating civil action.
 - iii. State a deadline after which such collection actions may be initiated that is no earlier than 30 days after the date that the written notice is provided.
 - iv. Include a plain language summary of UPMCWM’s financial assistance policy;
 - v. For patients whose financial assistance eligibility is undetermined, UPMCWM shall not refer accounts to a collection agency prior to 120 days after the first post-discharge billing statement.
- c. Balances that remain open due to insurance denials will not be placed with a collection agency. However, a collection agency may perform payer collections on insurance denials acting as an extension of the business office.
- d. Circumstances such as pending eligibility for financial assistance or insurance coverage with Medicaid, may delay an account from being referred to a collection agency.
- e. Patients may file a grievance with UPMCWM regarding treatment or undesirable activities performed by contracted collection agencies by contacting the Patient Financial Services department.

4. Financial Assistance

- a. As a tax- exempt, not-for-profit hospital, UPMC Western Maryland , is committed to providing medically necessary care to those patients in need regardless of race, sex, age, color, national origin, creed, marital status, sexual orientation, gender identify, disability or ability to pay.
- b. The Financial Counseling Team will be responsible for reviewing the Financial Assistance applications, reviewing the appropriate documentation and determining eligibility based on UPMCWM policy guidelines.
- c. Uninsured patients or those unable to pay in full for services rendered shall contact UPMCWM’s Financial Counseling Team. The counselor will assist the patient and/or family in determining if he/she qualifies for financial assistance. Cooperation is a necessary and integral part of the determination process.
- d. The Health Service Cost Review Commission establishes a process for a patient or a patient’s authorized representative to file with the Commission a complaint against a hospital for an alleged violation of 19-214.1 or 19-214.2 of this subtitle. The email address for the Health Service Cost Review Commission patient complaint (hsrc.patient-complaints@maryland.gov). Additionally, complaints can be made jointly with the Health Education and Advocacy Unit of the Maryland Attorney General’s Office: 200 St. Paul Place, Baltimore, MD 21202 www.marylandattorneygeneral.gov.

5. RESPONSIBILITY

Bad debt pre-list criteria:

	Criteria	Other Criteria
Hospital	>\$10	>120 days from first post-discharge statement or 30 days after written notice of intent to initiate collection actions, whichever is later. Action must be reviewed by management prior to sending
Physician	>\$5	>120 days from first post-discharge statement or 30 days after written notice of intent to initiate collection actions, whichever is later. Action must be reviewed by management prior to sending

Financial assistance, and write-offs approval process criteria:

	Approval Criteria	Approval Level
UPMCWM	<\$2,500	Financial Counselor
	<\$20,000	Supervisor/Manager, Director Patient Financial Services
	>\$20,000	Chief Financial Officer / Chief Executive Officer

Small Balance criteria:

	Criteria
Hospital	9.99
Physician	9.99

APPROVAL PROCESS

- Manager, Hospital PFS (editor)
- Director, Revenue Cycle
- Chief Financial Officer
- UPMCWM Board of Directors