

POLICY AND/OR PROCEDURE

TITLE: Credit and Collection
POLICY NUMBER: 003.001
DEPARTMENT: Patient Accounts/Business Office
EFFECTIVE: May 9, 2017

Purpose

This policy applies to all Munson Healthcare facilities, to include Munson Medical Center, Paul Oliver Memorial Hospital, Kalkaska Memorial Health Center, Munson Healthcare Cadillac Hospital, Munson Healthcare Grayling Hospital, Munson Healthcare Charlevoix Hospital, and Munson Healthcare Manistee Hospital, and its employed medical partners (collectively "MHC"), together with the Financial Assistance Policy (003.003), and 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 thereunder. This policy establishes the actions that may be taken in the event of nonpayment of medical care provided by MHC, including but not limited to extraordinary collection actions.

Intention

It is the intention of MHC that such policy reflects its core mission and values in caring for all persons regardless of their ability to pay and to ensure appropriate billing and collection procedures are uniformly followed and that reasonable efforts are made to determine whether the individual(s) responsible for payment of all or a portion of a patient's account is eligible for assistance under the Financial Assistance Policy.

Definitions

Financial Assistance Policy (FAP): MHC's Financial Assistance Program for Uninsured Patients Policy, 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.

Plain Language Summary (PLS): A written statement that notifies an individual(s) that MHC offers financial assistance under the Financial Assistance Policy (FAP) for hospital services and contains the information required to be included in such statement under the FAP.

Application Period: The period during which MHC must accept and process an application for financial assistance under the FAP. The Application Period begins on the date the care is provided and ends on the 240th day after MHC provides the first discharge billing statement.

Notification Period: Uninsured patients will be notified of financial assistance prior to discharge and during the notification period which begins on the date the individual receives care and ends on the 120th day after the first billing statement.

Extraordinary Collection Action (ECA): 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 a self-pay account to another party for purposes of collection without the use of any ECA's.

Responsible Individual(s) (RI): An individual or individuals, whether they are eligible or not for financial assistance under the FAP without regard to whether the individual(s) has applied for assistance.

Policy

Munson Healthcare may pursue collection activities for health care services provided to patients only in a manner consistent with this policy.

Point of Service Collections: Whenever possible, an estimate of patient liability will be provided at pre-registration and/or the time of service. An attempt to collect any patient liability will be done at that time.

Balances on hospital bills that are not covered by insurance are due and payable upon receipt of the first billing. Payment plans with no interest are available to those patients that are unable to pay their balances in full. Unless approved payment arrangements have been made, any unpaid balance will follow our normal collection process.

Uninsured patients who are unable to pay will be given consideration for coverage under the MHC FAP. (003.003)

To provide a consistent method of determining who is eligible to receive financial assistance for MHC, according to Public Act 107 of 2013, hospitals rendering services to an uninsured individual shall accept 115% of the Medicare rates as payment in full from that uninsured individual if their annual income level is up to 250% of the federal poverty guidelines. MHC complies with this law by offering a financial assistance program to uninsured individuals.

Uninsured patients will be notified of financial assistance prior to discharge and during the notification period which begins on the date the individual receives care and ends on the 120th day after the first billing statement. All uninsured patients will be offered a Plain Language Summary (PLS) and an application form for financial assistance under the FAP as part of the discharge or intake process from the hospital.

If the notification period has passed and financial assistance has not been determined, an additional 120 days will be afforded the patient to accept and process the financial assistance application.

If the uninsured individual has not submitted a complete Financial Assistance Application by the close of the application period, the account will follow normal collections.

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; no additional statements will be sent after a RI submits a complete application for financial assistance under the FAP or has paid in full. At least 60 days should have elapsed between the first and last of the required three mailings. It is the RI'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 Patient Account statements will include but are not limited to:

1. An accurate summary of the hospital services covered by the statement.
2. The charges for such services.
3. The amount required to be paid by the RI (or, if such amount is not known, a good faith estimate of such amount as of the date of the initial statement)
4. For the uninsured, a conspicuous written notice that notifies and informs the RI 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. Uninsured patients will receive a minimum of three statements over a period of 120 days. Each statement will inform the patient that financial assistance is available if needed.

The Final Notice statement, either mailed or emailed, will include a written notice that informs the uninsured RI about the ECAs, along with the deadline date, 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 RI at least 30 days before the deadline specified on the statement. The deadline date will be at least 30 days before ECAs begin, as well as no earlier than 120 days from the first post-discharge statement. A PLS will be included with this statement.

Prior to initiation of any ECAs, an oral attempt will be made to contact the RI by phone at the last known number, if any, at least once during the series of mailed or emailed statements as long as the account remains unpaid.

MHC will not engage in ECAs, either directly or by any debt collection agency or other party to which the hospital has referred the patient's debt, before reasonable efforts are made to determine whether a RI is eligible for assistance under the FAP.

Any hospital bill incurred as the result of accident or other cause involving a dispute as to the liability between a patient and others does not involve the hospital unless Medicare or Medicaid dictates otherwise. The hospital will look to the patient for payment in the same manner as for bills resulting from any other type of service.

MHC may take any and all legal actions, including ECA, to obtain payment for medical expense by themselves or through a collection agency or agent. Such agency or agent must agree contractually to take no action that is inconsistent with this policy.

ECA may be commenced as follows:

1. If any RI fails 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 this policy, then MHC or collection agency may initiate ECA.
2. If any RI 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 have been completed:
 - PFS provides the RI 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 will include a Plain Language Summary.
 - PFS provides the RI with at least 30 days prior written notice of the ECA that MHC or collection agency may initiate against the RI 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.
 - If the RI who has submitted the incomplete application completes the application for financial assistance, and PFS determines definitively that the RI is ineligible for any financial assistance under the FAP, MHC will inform the RI in writing the denial and include a 30 days' prior written notice of the ECA that MHC or collection agency may initiate against the RI; provided, however, that the billing deadline may not be set prior to 120 days after the first post discharge statement.
 - If the RI who has submitted the incomplete application fails to complete the application by the completion's deadline set in the notice provided, then ECA may be initiated.
 - If an application, complete or incomplete, for financial assistance under the FAP is submitted by a RI at any time prior to the application deadline, MHC will suspend ECAs while such financial assistance application is pending.

Establishing an Account as Suitable for Collections

MHC may designate a patient's account for initial collection activity if the account, following normal follow-up, becomes more than 120 days delinquent.

Permissible Collection Activities

The collection agency may pursue legal action for individuals who have the means to pay but are unwilling to pay, if consistent with the policy.

After the commencement of ECA is permitted, collection agencies shall be authorized to report unpaid accounts to credit agencies and to file judicial or legal action, garnishment, obtain judgment liens to be exercised only upon the sale of the property, and execute upon such judgment liens using lawful means of collection; provided that prior approval be obtained from the MHC Chief Financial Officer or Patient Financial Services Director.

MHC and external collection agencies may communicate any and all legal other actions including but not limited to phone calls, emails, texts, mailing notices, and skip tracing to obtain payment for medical services provided with the Fair Debt Collection Practices Act.

Impermissible Collections Activities

Munson Healthcare shall not pursue action against the debtor's person, such as bench warrants or body attachments. Munson Healthcare recognizes that a court of law may impose a bench warrant or other similar action against a defendant for failure to comply with a court's order or for other violations of law related to collection effort.

Collection agencies shall not use the threat of Form 1099 to intimidate debtors.

Any Agreement with a Collection Agency Must Contain the Following Provisions

The agreement must require the collection agency to abide by the terms of this policy and to abide by the Fair Debt Collection Practices Act and regulations set forth by the IRS 501(r).

The agreement with the collection agency may permit them to take the following actions on any account sent to it, without additional authorization from MHC. The collection agency may act as agent for MHC to conduct correspondence of a routine nature (such as inquiries and reports with respect to status of the account) on behalf of MHC with an attorney, HMO, insurer, carrier or other representative of the patient.

The collection agency may speak with a family member or other representative of the patient about the details of the patient's account only if authorized by the patient.

MHC must agree in advance to resolution and settlement amounts for the claims. The collection agency must offer the patient reasonable payment terms based on the patient's ability to pay and consistent with this Policy.

MHC agrees to compensate a collection agency contingent on success in collecting accounts. Compensation is measured on a percentage or hourly of the amount collected per contracted agreement.

MHC may obtain from the collection agency a recommendation of an attorney or attorneys to represent MHC. The collection agency may transmit accounts and account records to the attorney(s) on behalf of MHC.

The PFS Director, Manager, and/or a MHC designee may have accounts removed from Collections to include removal of any negative impact on the patient's credit report.

A printed copy of this policy, the Financial Assistance Policy, the Plain Language Summary, and the Financial Assistance Application are available at no cost in English and Spanish on the Munson Healthcare website, Registration and Emergency Room areas, or at any Munson Healthcare facility.