

**SOUTH CENTRAL HEALTH  
POLICY AND PROCEDURE**

**Subject:** Credit/Collection of Accounts Receivable

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**Barrier Precautions Class:** N/A

**Department:** Business Office

**Director Approval:** Kassie Kleppe

**Final Approval:** Wishek Hospital Clinic Association Board of Directors on 09-15-2015

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## **POLICY**

South Central Health (SCH) will admit and render medical services to patients regardless of their ability to pay. The collection of Accounts Receivable involves the interaction of several departments. Admissions, cashiers, medical records, billing and financial services are vital to the success of SCH credit/collection activity. The following policies and procedures state the basic requirements of SCH credit/collection efforts. Since several departments share responsibility for the success of this activity, each area should be familiar with SCH policies and procedures on credit/collections.

## **PRINCIPLES**

As healthcare providers and tax-exempt organizations, SCH is called to meet the needs of patients and others who seek care, regardless of their financial ability to pay for the services provided. In addition, SCH is designated as a charitable (i.e., tax exempt) organization under Internal Revenue Code (IRC), Section 501(c)(3). Pursuant to IRC Section 501(r), in order to remain tax-exempt, each tax-exempt facility is required to adopt and widely publicize its credit and collection policies.

## **PROCESS**

- All patients possessing orders from a staff physician will be admitted regardless of their ability to pay. SCH will provide, without discrimination, care for emergency medical conditions within the meaning of the Emergency Medical Treatment and Labor Act (EMTALA) Section 1867 of the Social Security Act to individuals regardless of their eligibility under SCH's Uncompensated Care Financial Assistance program.
- Upon admissions, patients will be requested to sign the conditions of care form which states that they agree to assign their insurance benefits to SCH and gives SCH permission to release information to third party payers. The conditions of care form also states that all remaining balances and/or private pay patient balances are patient's responsibility.
- During scheduling, patients are reminded that all co-payments are due upon time of services and all self-pay patients are told that we require \$100 before services are rendered. All reasonable efforts are made to visit with self-pay patients to discuss payment options including the Uncompensated Care Financial Assistance program.
- The responsible party is the guarantor of payment for all services regardless of the assignment of insurance benefits. SCH puts all family members under one guarantor (parent/spouse) unless otherwise requested by parent/spouse. Patients over 65 and children over 18 are their own guarantor.
- All self-pay balances are due immediately upon receipt of the monthly statement. SCH offers the following payment options:

- ▶ All private pay balances, except for co-pays, paid within 30 days of the first billing or paid at the time of services are eligible for a 10% discount.
  - ▶ Account balances less than \$100 are payable in full upon receipt of first billing.
  - ▶ All other balances are to be paid in three monthly payments. If the patient cannot meet these guidelines, the SCH Accounts Receivable department or Director of Business Office needs to be notified to help establish an alternate payment arrangement.
  - ▶ SCH accepts Visa, MasterCard, Discover and American Express as payment options.
- Monthly statements are issued for all patients. Once an account is past due, a letter reminding the guarantor of their payment options is sent. If there is no response from the guarantor, a final letter notice is sent to the guarantor. Once an account has aged past 120 days and SCH has had no response from the guarantor, the accounts will be placed with a collection agency.
  - SCH will make a reasonable effort to notify the guarantor of the Uncompensated Care Financial Assistance program upon admission and within the collection process. The financial counselor may refer them to several resources for assistance.
  - Communication with a guarantor requires an entry to the guarantor's note log in Accounts Receivable. This includes calls for itemized statements, requests for Uncompensated Care papers, questions on the account, etc. Written correspondence will be kept on file.

## COLLECTIONS

- Upon admissions, complete payer information will be reviewed with each patient or account guarantor to ensure a complete and updated file of information is available to ensure prompt payment.
- Telephone and written contact will be attempted with a guarantor of a delinquent account. All calls must comply with current federal and state regulations regarding collection practices.
- Bad debts will be listed with an appropriate collection agency after approval from the Chief Executive Officer (CEO).
- Accounts are considered delinquent 30 days prior to being turned over to a collection agency or 30 days from the patient receiving SCH final notice. An account is default once turned over to an agency.
- Collection agencies will be selected based upon their ability to perform.
- When approved by the CEO, legal action will be initiated by SCH as necessary to collect receivables or to recover bad debts.

## APPROVED INSURANCE PROGRAMS

Those insurance companies which honor an assignment of benefits and are licensed by the state insurance commissioner will be deemed approved carriers.

## ITEMIZED STATEMENTS

Attorneys, Insurance Representatives and Insurance Claim Adjustors may be provided with an itemized statement when the request is accompanied by a written authorization which has been signed by the account guarantor. Upon request, an itemized statement will be provided to any patient/guarantor.

## **DISPUTED CLAIMS**

Any dispute regarding the cost of services at SCH will be referred to the Director of Business Office. This dispute will then be written up by the Director and submitted through the safety portal which forwards the grievance to the Risk Management Department. Settlements may need to be approved by the CEO in keeping with SCH policies.

## **REFUNDS**

Refund payments to individuals will be made to the guarantor only after settlement of all previous bad debt or active accounts are settled. All refunds must be approved by the Director of Business Office according to SCH policy.

## **INQUIRIES**

- Patient/guarantor requests for itemized statements are normally handled by the Director of Business Office and/or billing department. These requests are logged into the AR system for future reference.
- On disputed accounts, the call should be referred first to the Director of Business Office, and in their absence the call should be referred to the Risk Management Department or CEO.

## **BILLING OF INSURANCE CLAIMS**

All claims to insurance companies will be filed electronically or in the mail in a timely manner, after the final diagnosis information is available and signed by the provider. In cases where a lack of diagnosis, proper form or other deficiency delays the billing procedures, the Director of Business Office shall be notified of the discrepancy.

## **INFORMATION REQUIREMENTS**

- Patient registration personnel will obtain all necessary information for each account.  
Data to be included:
  - ▶ Patient's full name
  - ▶ Patient's correct address
  - ▶ Patient's correct home, work and cell phone numbers if applicable
  - ▶ Patient's Social Security Number
  - ▶ Patient's Employment if applicable
  - ▶ Emergency Contact Name and Phone Number
  - ▶ Correct Insurance Coverage for Current Registration
- Registration personnel will scan copies of the patient's insurance cards and driver's license whenever possible.
- Any data or paperwork lacking after registration hours of operation must be secured by the registration personnel as soon as possible from the patient/guarantor.

## **IDENTIFICATION OF FINANCIAL ASSISTANCE PATIENTS**

If anyone expresses that he/she believes to be eligible for financial assistance, the request shall be brought to the attention of the Director of Business Office. The patient/guarantor will be provided with our Uncompensated Care Financial Assistance application to complete and return.

## **CREDIT GRANTING**

### **PURPOSE**

This policy and procedure is designed to assist those patients receiving services or equipment who are unable to meet the SCH established payment guidelines.

### **PAYMENT METHODS AND OTHER RESOURCES**

- Cash and checks – SCH will accept United State Currency and coins as payment for hospital and clinic services. Foreign currency will not be accepted. Customers will be directed to a local bank for currency exchange. Personal checks, certified checks, cashier checks, bank drafts, money orders and traveler checks are accepted.

- Credit Cards – SCH accepts Visa, MasterCard, Discover and American Express cards for payment of hospital and clinic services. Credit card payments will be accepted upon approval of issuing authority and subject to the credit cards restrictions. SCH will keep credit card numbers on file and apply a designated amount at the time of the month set up by the guarantor for monthly payments to their accounts. This payment arrangement is agreed upon with the guarantor and the Director of Business Office. All card information is secured in a locked safe and once account is paid is destroyed according to the Credit Card Compliance requirements.

- Medical and External Financial Aid – SCH may assist the guarantor to secure alternative medical assistance and financial aid available through Federal, State and Local agencies. Examples may include Medicare, Medicaid, Medicaid Expansion, Disability and VA.

- Financial Assistance – If a patient is unable to meet any of the above options, they may qualify for discounted services based on their ability to pay through our Uncompensated Care Financial Assistance program.

### **REGULAR PAYMENTS**

SCH will offer a payment plan after all other options have been discussed. This payment plan needs to be approved with the Director of Business Office and be an acceptable and workable plan.

### **REDUCED PAYMENTS**

The following policy pertains to all self-pay balances including those remaining following insurance payments. If the responsible party is unable to pay the regular amount, the guarantor will be considered for a reduced payment plan.

- ▶ Based on review of parties' financial condition, the Business Office will establish a reduce payment plan, with the Director of Business Office ensuring the plan is appropriate.
- ▶ No monthly payment should be less than \$25 per month. Preferably all balances should be paid in equal payments to not exceed 12 months. Exceptions may be made with by the Director of Business Office.

### **SELF PAY DISCOUNT**

All self-pay balances, except for co-pays, paid within 30 days of the first billing or paid at the time of services are eligible for a 10% discount. Any other discounts given on self-pay accounts would need approval by the CEO, CFO, or Director of Business Office. If the patient is later determined to be eligible for a third party payer or financial assistance program, this discount will be reversed.

- It is the mission of SCH to provide healthcare regardless of the ability to pay.
- Patients who cannot meet a reasonable payment plan may be considered for financial assistance through the Uncompensated Care Financial Assistance Program. A reduced payment plan is always the first option before consideration for financial assistance through the Uncompensated Care Financial Assistance Program.
- The Uncompensated Care Financial Assistance Program will require the party's cooperation in supplying information as follows:
  - ▶ Completed Uncompensated Care application
  - ▶ The guarantor will be responsible for providing copies and verification of their past three months income or most recent federal income tax return.  
SCH shall consider financial resources not only of the patient, but also of other persons having legal responsibility to provide for the patient (e.g. the parent of a minor child or a patient's spouse.)
- The Uncompensated Care application should be submitted to the Director of Business Office and will be reviewed, recommendations made and forwarded to the CEO for signature and approval. Reasonable efforts will be made to relay decisions to the requesting party within 5 business days.
- According to IRS rules, SCH will accept the Uncompensated Care Financial Assistance application on accounts up to 240 days following the first billing statement. After 120 days of the first billing date, SCH may undertake collection actions, but must still accept and process the Uncompensated Care Financial Assistance application up to the 240 days. SCH will suspend all collection activities while it processes the application.
- Based upon the determination, any balances not approved will require financial arrangements as stated above.

**PROCEDURE FOR BILLING ACCOUNTS**

- Cycle billing – SCH sends out monthly statements. The guarantor will receive a separate statement for each individual who has an outstanding balance due.
- The Director of Business Office or Accounts Receivable personnel will review all statements.

**PROCEDURE OF COLLECTION NOTICE**

All guarantors who are delinquent according to the aging report and statement cycle aging dates will be reviewed by the Director of Business Office for further collection action.

**COLLECTION LOG**

A log will be maintained for all collection activity and correspondence to or from the guarantor and the Business Office.