

<b>Policy Title:</b>	<b>Credit and Collections Policy</b>
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**I. PURPOSE**

This policy applies to all medical services provided by Littleton Regional Healthcare (LRH). This includes both onsite hospital and physician services, as well as services provided under the name “Alpine Clinic”. This policy, in conjunction with the LRH Financial Assistance Policy, 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 there under.

This policy establishes the actions that LRH may take in order to be reimbursed appropriately for providing high quality medical care. These actions include but are not limited to Extraordinary Collection Actions (ECA) as defined by IRS regulations included in section 501(r).

LRH will perform these actions in a manner that treats all patients and responsible parties equally, with dignity and respect, while ensuring that appropriate billing and collection procedures are uniformly followed. LRH will make reasonable efforts to determine all possible payment sources, including eligibility for Financial Assistance in conjunction with its collection efforts and in accordance with LRH’s Financial Assistance Policy.

LRH will provide, without discrimination, and in compliance with the Emergency Medical Treatment and Labor Act (EMTALA), care for emergency medical conditions to individuals regardless of whether they are eligible for Financial Assistance, as specified in greater detail in LRH’s EMTALA policy.

**II. DEFINITIONS**

**A. Description of Hospital or Medical Services:**

1. **Emergency Care** - Care provided for an emergency medical condition. An Emergency Medical Condition means a medical condition manifesting itself by acute symptoms of sufficient severity (including acute severe pain, psychiatric disturbances and/or symptoms of substance abuse) such that the absence of immediate medical attention might reasonably result in either:
  - a. Placing the health of the individual in serious jeopardy (or, with respect to a pregnant woman, the health of the woman or her unborn child).
  - b. Serious impairment to bodily functions.
  - c. Serious dysfunction of any bodily organ or part.
  - d. With respect to a pregnant woman who is having contractions:
    - i. that there is inadequate time to effect a safe transfer to another hospital before delivery; or
    - ii. that transfer may pose a threat to the health or safety of the woman or her unborn child.

2. **Medically Necessary Care** - Care that is deemed medically necessary by an examining physician's determination. Such care is also based upon generally accepted medical practices in light of conditions at the time of treatment which is appropriate and consistent with the diagnosis and the omission of which could adversely affect or fail to improve the patient's condition.
3. **Elective Care or Procedures** – These include cosmetic, experimental or other procedures that are deemed to be non-essential services and therefore non-reimbursable by traditional insurance carriers and governmental payers.

**B. Financial Terms:**

1. **Extraordinary Collection Actions (ECAs)** - Actions that require a legal or judicial process or involve reporting adverse information about an individual to consumer credit reporting agencies or credit bureaus (collectively, "credit agencies").
2. **Notification Period** - The period beginning on the date care is provided and ending 120 calendar days after the date of the first post-discharge billing statement.
3. **Application Period** - The period beginning on the date care is provided and ending 240 days after the date of the first post-discharge billing statement.

**III. POLICY STATEMENT**

**A. Patient Responsibility**

1. LRH Patients acknowledge that they and/or their guarantor are responsible for the following:
  - a. Providing the Hospital with complete and timely insurance and demographic information, as may be required to comply with third party insurance contracts and/or government regulations.
  - b. Providing the hospital with notice of any changes in coverage, including pending termination of insurance.
  - c. Notifying the hospital of potential third-party sources of payment such as worker's compensation, motor vehicle insurance policy, or personal injury settlement.
  - d. Obtaining and maintaining health insurance coverage, if affordable coverage is available to them, and satisfying any applicable co-pays, deductibles and co-insurance.
  - e. Understanding and complying with the requirements and limitations of their health insurance coverage, including but not limited to network limitations, referral and preauthorization requirements, and timely submission of claim forms.
  - f. Adhering to any agreed-to alternate payment plans.
  - g. For patients seeking Financial Assistance, submitting a complete and timely Financial Assistance Application within the Application Period.
  - h. Cooperating as requested in applications for Medicaid or other government programs.

## **B. Billing Patients and Third Party Payers**

1. **Elective Care or Procedures** - Payment in full is required at least 2 business days prior to the date of the procedure.
2. **Emergency Care**
  - a. LRH will not attempt to obtain payment or payment related information during the delivery of Emergency Care.
  - b. Only after medical screening and stabilization services have been provided as required by EMTALA, LRH may then request payment for amounts estimated to be a patient's financial responsibility.
  - c. Patients will be advised of the availability of Financial Assistance per LRH policy, and that they will receive statements for any remaining unpaid balance.
3. **For Medically Necessary Services**
  - a. LRH will make reasonable efforts to verify coverage for the services to be provided and obtain a patient's insurance and related information prior to the rendering of any Medically Necessary services.
  - b. LRH will make reasonable efforts to determine a patient's financial responsibility, including co-payments, deductibles and co-insurance amounts.
  - c. LRH will also make reasonable efforts to inform patients of procedures that may be non-covered or non-reimbursable by their respective insurer.
  - d. For patients who have an estimated financial responsibility greater than \$500, LRH requires that the patient/guarantor satisfy their Patient Financial Responsibility in advance of having any services provided.
  - e. In the event of extenuating or unusual circumstances, an exception may be considered, and must be approved by either the CFO or CEO.
  - f. Options to satisfy Patient Responsibility include:
    - i. Payment of at least 50% of the amount estimated to be a patient's responsibility.
    - ii. The patient/guarantor may agree to a reasonable payment plan. Such payment plan may not exceed a term of 12 months.
    - iii. Patients may apply for Financial Assistance in accordance with the LRH Financial Assistance Policy. (Note that LRH must receive and approve Financial Assistance applications in advance of having services provided.)

## **C. Insurance Billing**

1. LRH will bill third party payers in accordance with the requirements of applicable law and the terms of applicable third party payer contracts.
2. LRH will record insurance payments and related contractual allowances as reported via remittance advices, and identify any remaining balances that are determined to be patient financial responsibility so that they may be pursued via collection efforts as outlined further in this policy.
3. In the event that LRH receives a notice of denial from third party payers, LRH will make reasonable efforts to appeal such denial. In the event that the denial is due

to a patient or guarantor who has not fulfilled their responsibility as stated above, any remaining account balance will become the patient's financial responsibility and collection efforts will commence as further stated in this policy.

**D. Patient Financial Responsibility - Collection Effort**

**1. Routine Collection Effort**

- a. LRH will offer and make available to all patients a plain language summary of the Financial Assistance Policy as part of the registration or discharge process.
- b. All patient-billing statements will include a notice regarding the Financial Assistance Policy, including information on how to obtain copies of the Financial Assistance Policy and a Financial Assistance Application.
- c. During the Notification Period, patient/guarantor will receive 4 monthly billing statements indicating the detail of services rendered as well as the balance of amounts outstanding LRH will provide written notice indicating the intention to commence ECAs, and including a deadline after which such ECAs may be initiated (which will be no sooner than 30 days after the date of such written notice).
- d. Such written notice will reference the availability of Financial Assistance per LRH policy.
  - i. LRH will make reasonable efforts to notify the patient/guarantor via oral communication in advance of commencing any ECAs, and such communication will include reference to the availability of Financial Assistance per LRH policy.

**2. Extraordinary Collection Effort (ECA)**

- a. The LRH Patient Financial Services department will review account balances that remain outstanding at the completion of the Notification Period to ensure that all aspects of Routine Collection Effort have been addressed.
- b. Account balances that are \$5,000 or more will be presented to either the CEO or CFO for approval to proceed with ECAs, including evidence to support that Routine Collection Effort has occurred in accordance with this policy.
- c. Account balances less than \$5,000 will be reviewed for approval by the Director of Revenue Cycle, similarly based on evidence to support that Routine Collection Effort has occurred in accordance with this policy.
- d. ECAs may include any of the following as may be appropriate:
  - i. Placement with a Collection Agency.
  - ii. Filing of judicial or legal action, potentially including garnishment, obtaining judgment liens and execution upon such judgment liens, using lawful means of collection. (prior approval by the CEO or CFO shall be required before initial lawsuits may be initiated)
  - iii. Other legal other actions including but not limited to telephone calls, emails, texts, mailing notices, and skip tracing.
- e. All ECA activities will be performed in compliance with the Fair Debt Collection Act.

- f. If a patient completes a Financial Assistance Application after the Notification Period but before the end of the Application Period, any ECAs that have been initiated will be suspended until the Hospital has processed the application. If the Hospital determines that the patient is not eligible for Financial Assistance, the Hospital will inform the patient in writing of its eligibility determination and may resume ECAs.
- g. Collection agencies will provide a list, at least monthly, of all accounts that have reached the end of the Application Period, and ECA activity will be suspended at that time.
- h. Accounts that are returned from the collection agency will then be adjusted to reflect a zero balance, and all further collection activity will cease.
- i. Collection agencies are authorized and shall report unpaid accounts to credit agencies.

**E. Administrative Adjustments**

1. LRH strives to deliver high quality and compassionate services through all aspects of its operations. In the event that LRH might receive a patient complaint regarding services rendered, LRH will review the details of the encounter to assess the patient's concern and to consider operational improvements that may be necessary.
2. Based on information obtained during this review, the CEO or CFO may authorize adjustment to an account balance, subject to adequate documentation being provided to support such adjustment.
3. LRH will clearly label the entry as an "Administrative Adjustment"

**F. Small Balance Adjustment**

1. LRH will routinely review account balances to identify those accounts that may be eligible for adjustment due to having an immaterial balance.
2. LRH will compare account balances for the same patient and/or guarantor, and reserves the right to offset any credit balances prior to adjustment.
3. LRH will automatically adjust eligible accounts with a balance ranging from \$0.01 to \$9.99.
4. LRH will clearly label the entry as a "Small Balance Adjustment".

**G. Medicare Bad Debt**

1. As part of its annual Medicare Cost Report filing obligation, LRH will report Medicare accounts that remain outstanding at the conclusion of the Application Period as "Medicare Bad Debts" in an effort to seek reimbursement in accordance with the rules published in the Medicare Provider Reimbursement Manual.
2. LRH will ensure that all of the following criteria are met prior to submitting account balances:
  - a. Both Routine Collection Effort and ECAs have been conducted similarly for both Medicare and non-Medicare account balances.

- b. LRH will ensure that documentation exists to support that all collection activities have been conducted in accordance with this policy and in accordance with Medicare rules and regulations.
  - c. Medicare account balances will be recorded in a log as specifically prescribed by Medicare rules and regulations.
3. In the event that a Bad Debt Recovery is received for accounts that have been submitted in a previous year's cost report for reimbursement, such accounts will be recorded in a Bad Debt Recovery Log as specifically prescribed by Medicare rules and regulations, and will be recognized as an offset to amounts reported in the current year cost report filing.

**XIV. SUPERSEDED**

This policy rescinds and supersedes the Bad Debt Write-Offs policy (PFS04) effective November 15, 2000, and revised on July 1, 2001, and October 22, 2004; the Medicare Bad Debt policy (AD-210-F) effective August 1, 2001, and revised on January 1, 2004; and the Patient Financial Services Credit and Collections Policy (PFS05) effective October 20, 2002, and revised on: July 7, 2003, December 20, 2005, May 1, 2008, February 22, 2011, December 10, 2013, April 29, 2014, June 27, 2017, July 13, 2017, and June 13, 2018.

<b>Responsible Owner/Author:</b>	Chief Financial Officer	<b>Contact(s):</b>	
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