



## Billing and Collection Process Policy

<b>Policy Number:</b>	1400.01	<b>Version #:</b>	14
<b>Site:</b>	System		
<b>Responsible for Review:</b>	Director revenue management; general counsel		
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<b>Version Date:</b>	02/14/2020	<b>Review Annually</b>	
<b>Next Review Date:</b>	0201/2021		

**Policy:** When collecting medical debt, Children’s will treat its patients/guarantors with honor, dignity, and courtesy; demonstrate compassion; and be good stewards of health care resources. This policy establishes standards for the fulfillment of Children’s values in the collection of medical debt. There is zero tolerance for abusive, harassing, oppressive, false, deceptive, or misleading language or collections conduct by Children’s employees who collect medical debt from patients.

**Scope:** This policy applies to the collection of medical debt from individual patients/guarantors by the Children’s patient financial services departments (hospital, physician, homecare, and all outsourced companies).

**Purpose:** To establish a policy governing the collection of medical debt from individual patients/guarantors, in accordance with the guidelines set out in an agreement with the Minnesota Attorney General’s Office, and in compliance with Internal Revenue Code Section 501(r).

**Definitions:**

**Complaint:** Any communication from a patient/guarantor in which they express concerns about the conduct during medical debt collection of Children’s employee or a collection agency retained by Children’s, or a law firm retained to collect medical debt for Children’s.

**Extraordinary Collection Efforts** There are four types of collection actions that are considered extraordinary collection actions (ECA):

- (ECA):**
- 1) Taking actions that require legal or judicial process (eg. Liens, foreclosures, garnishments, seizure of bank accounts or property, civil action, arrest)
  - 2) Selling debt to third parties
  - 3) Reporting adverse information to credit agencies or bureaus
  - 4) Deferring or denying (or requiring a payment before providing) medically necessary care because of non-payment for previously provided care that is covered under the financial assistance policy

**Financial Assistance:** Children’s offers financial assistance programs for patients/guarantors, including a hardship discount and an uninsured discount program. A family’s eligibility for financial assistance will depend on income, household size, ability to pay and/or insurance coverage. Household size will be defined based on applicable law.

**Plain Language Summary:** A brief description of the eligibility requirement, application process and assistance available under the financial assistance policy.

**Procedure:**

**Communicating Policies to Staff and Patients:**

1. During the pre-registration, registration, or admission process, Children’s will:
  - a. Attempt to identify all third-party payers that may be obligated to pay for services provided to a patient; and
  - b. Attempt to identify patients who may be eligible for financial assistance through Children’s Financial Assistance policy.
2. It is the responsibility of the patient/guarantor to provide accurate insurance coverage information during the scheduling/registration process. This includes providing Children’s copies of any and all insurance cards, including available medical assistance information.
3. Patients/guarantors who may be eligible for Children’s financial assistance will be informed by Children’s staff of the policies and how to apply.
4. All Children’s employees who have direct contact with patients will be educated on an annual basis about Children’s financial assistance. The education will include the existence of the various programs available to Children’s patients/guarantors, and how a patient/guarantor may obtain more information and submit an application for financial assistance.
5. Children’s will communicate its Financial Assistance policies in a plain language summary. The plain language summary will be offered to all families at time of registration.
6. The billing and collection policy, application and plain language summary is translated for populations with Limited English Proficiency.
7. All written correspondence seeking collection of medical debt from patients will contain at least the following information:
  - a. a local or toll-free number patients may call to question or dispute bills;
  - b. an address to which patients may write to question or dispute bills;
  - c. reference to the availability of Children’s financial assistance; and
  - d. the following information, in the same size and font as other words in the body of the communication, regarding the Minnesota Attorney General’s Office: “If you feel that your concerns have not been addressed, please contact our customer service center first and allow us the opportunity to try and address your concerns. If you continue to have concerns that have not been address, you may contact the Minnesota Attorney General’s Office, which can be reached at (651) 296-3353 or 1-800-657-3787.”

**Children’s Hospital/Facility billing:**

**billing process:**

1. Uninsured patient/guarantor:
2. 5 days post discharge if no insurance is identified a letter is sent to the patient/guarantor reflecting the account balance, requesting information on available insurance and providing a copy of the Children’s financial assistance information on who to contact and how to apply as well as information from the plain language summary.
3. If patient/guarantor has not responded in 30 days and again at 60 days, a statement is sent to the patient/guarantor identifying the outstanding balance. Statement includes information on availability of financial assistance and relevant phone numbers.
4. If patient/guardian has not responded after sending 3 statements, a final notice is sent to the patient/guarantor indicating that the account may be forwarded to a collection agency
5. Patients/guarantors may set up payment plans. Terms will be based on account balance and family need .
6. Insured patient/guarantor:

7. 1 day post insurance payment, a statement is sent to the patient/guarantor if there is a balance outstanding after insurance payment.
8. If patient/guarantor has not responded in 30 days and again at 60 days, a statement is sent to the patient/guarantor identifying the outstanding balance. Statement includes information on availability of financial assistance and relevant phone numbers.
9. If patient/guarantor has not responded after sending 3 statements, a final notice is sent to the patient/guarantor indicating that the account may be forwarded to a collection agency..
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**Physician/Clinic Billing Process:**

1. Uninsured patients/guarantors will receive a statement post discharge and 3 more statements at day 30, day 60, and day 90.
2. Insured patients/guarantors will begin receiving a series of statements one day post insurance payment and three more statements 30 days apart thereafter.
11. If no payment is received or Children’s is unsuccessful in contacting the patient/guarantor, the account may be turned over to a collection agency for further action
12. Patients/Guarantors may set up payment plans Terms will be based on account balance and family need

**General:**

1. Any discounts received by the patient/guarantor as a result of the financial assistance policy or uninsured discount policy will be applied to the statement once the patient/family has been approved for assistance.
13. Families participating in cost sharing programs regardless of whether there are discounts attributed by networks will not receive an overall discount on charges greater than amounts generally billed. Examples of these programs, not limited to those stated are Samaritan Ministries, Liberty Mutual, Medi-Share.etc.
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3. The finance department of Children’s in coordination with the legal counsel of the hospital has final authority to determine that extra ordinary collection actions are permissible because reasonable efforts have been made to determine if the patient/guarantor may be eligible for financial assistance.
4. If a completed application is submitted, the hospital, acting in a timely manner will suspend any extraordinary collection efforts, determine whether the patient/guarantor is eligible and notify the individual in writing of the determination and provide a billing statement indicating the amount owed and how it was determined.
5. Children’s and its collection agencies will refrain from initiating any extra ordinary collection actions as defined within the policy for at least 120 days from the date of the first post-discharge billing statement for care. This does not limit Children’s ability to place accounts with agencies prior to 120 days if there is documented details supporting such actions.
6. Children’s will refund any amounts paid above the amount required by the financial assistance policy with the exception of copayments due at time of service for insured patients.

**Responding to Patient/Guarant**

1. Children’s will exercise its best efforts to respond to all questions or disputes from patients/guarantors regarding a medical bill as soon as possible. Responses to inquiries may be written or verbal, as appropriate.

**or Questions or Disputes:**

- a. Inquiries received by phone should be responded to within one (1) business day.
- b. Inquiries received in writing should be responded to within ten (10) business days.
2. Collection activities will be suspended if a patient advises collection staff that:
  - a. the patient does not owe all or part of a bill; or
  - b. a third-party payer should pay the bill; or
  - c. the patient needs documentation concerning the bill; or
  - d. the patient requests an application for financial assistance.
3. Children's or the third party collection agency should provide the patient with documentation in writing within 10 days of dispute, establishing that the patient owes the debt or that a third party payor has already paid all amounts for which it is obligated
4. Collection activities may resume thirty (30) days after documentation has been sent to the patient's last known address responding to the patient's inquiry or if the patient has not returned an application for financial assistance within thirty (30) days.

**Communications with Patients/ Guarantors:**

1. Before referral to a collection agency:
  - a. If there is a question as to whether the person billed was the person who received the services, Children's staff will verify demographic information necessary to confirm that the person billed actually owes the medical debt. Children's staff collecting the medical debt will also verify the accuracy of any information regarding third-party payers that may be obligated to pay for medical items or services received by the patient.
  - b. During any initial or subsequent contact with a patient/guarantor regarding the collection of medical debt, if the patient/guarantor has indicated an inability to pay the full amount of the medical debt in one payment, Children's staff will discuss with the patient all of the following options:
    - i. The patient/guarantor may pay the balance of the medical debt over a period of time
    - ii. The patient/guarantor may apply for financial assistance.
  - c. If the patient/guarantor desires to apply for financial assistance, Children's staff will mail an application to the patient at the patient's last known address and suspend collection activity for 30 days. Collection activity may resume if, after 30 days, an application for financial assistance has not been received or if the application has been denied.
  - d. Children's and any collection agency will refrain from initiating any extraordinary collection actions for at least 120 days from the date of the first post discharge billing statement for care. This does not preclude placement of an account with the agency, only limits ECA.
  - e. Children's will not refer patient/guarantor to a third party debt collection agency if the patient has made payments on that debt in accordance with the terms of a previously agreed upon payment plan.
2. After referral to collection agency or law firm:
  - a. If a patient/guarantor contacts Children's staff regarding the collection of a medical debt after it has been referred to a collection agency or law firm, Children's will confirm certain demographic information to ensure that there is a reasonable basis to believe that the patient owes the debt, and will verify that all known third-party payers have been properly billed. If the patient provides hospital staff with new information regarding the patient's liability for the debt, Children's staff will contact the collection agency or law firm with the new information and suspend collection activity until the new information has been investigated. If a patient contacts Children's staff to

negotiate a payment plan once the debt has been referred to a collection agency or law firm, the agency or firm will be responsible for negotiating such plan.

- b. If a patient/guarantor contacts Children's staff regarding the conduct of a collection agency under contract with Children's, information regarding the patient's concerns will be forwarded to the director of the respective business office area.
- c. If a patient/guarantor contacts Children's staff regarding the conduct of a law firm under contract with Children's, information regarding the patient's concerns will be forwarded to Children's Chief Legal Officer's Office.

- Patient Complaints:**
1. A log of patient/guarantor complaints will be maintained at any Children's location regularly involved in communicating with patients regarding the collection of medical debt or from the family liaison office.
  2. At a mutually agreed upon date of each year, any complaints related to the conduct of a collection agency retained by Children's, or a law firm retained by Children's, will be summarized and sent to the director of revenue management, with a copy to the Children's Chief Legal Officer's office.

- Referral to a Collection Agency:**
1. Before any debt is sent to a licensed collection agency, a Children's employee will verify that:
    - a. There is a reasonable basis to believe that the patient owes the debt;
    - b. All third-party payers have been properly billed such that any remaining debt is the financial responsibility of the patient;
    - c. Where the patient has indicated an inability to pay the full amount of the debt in one payment or through an installment plan, the patient has been advised of Children's financial assistance and, if applicable, given a reasonable period of time to submit an application for Children's financial assistance;
    - d. All requirements of Internal Revenue Code section 501(r) have been met.
  2. For debts less than \$5,000 the review required by this section will be satisfied in the normal course of business by Children's business office staff.
  3. For debts greater than \$5,000, a director will perform the review required by this section.

- Contracts with Collection Agencies and Law Firms:**
1. Children's will enter into a written contract directly with any collection agency. A collection agency retained by Children's to collect medical debt is prohibited from sub-contracting with another collection agency without prior consent from Children's.
  2. Any law firms retained by Children's to collect medical debt from patients will be retained by Children's general counsel's office.
  3. Any collection agency or law firm retained by Children's to collect medical debt from patients will be required to abide by the terms of an Agreement signed by Children's with the Minnesota Attorney General's Office.
  4. The director of revenue management is responsible for ensuring that collection agencies and law firms retained by Children's to collect medical debt receive training on Children's financial assistance available to Children's patients/guarantors.

- Audits:** On an annual basis, the corporate compliance and/or internal audit teams will conduct an audit of each business office engaged in the collection of medical debt from patients for compliance with this policy. The corporate compliance and/or internal audit teams will also audit any collection agency or law firm retained by Children's to collect medical debt for compliance with the agreement signed by

Children's with the Minnesota Attorney General's Office. The results of the audits will be considered by the Children's chief executive officer during the annual review of agreements with collection agencies and law firms engaged by Children's for the collection of medical debt.

- Miscellaneous:**
1. Children's will not report any new debt incurred after May 1, 2005, to a credit-reporting agency.
  2. Requests by a law firm to garnish a patient's wages or funds at a financial institution will be submitted to a supervisor for approval. Children's shall not garnish the wages or bank account of any patient unless it has first obtained a judgment against the patient in court for the amount of the debt.
    - a. The garnishment will be approved unless there is reason to believe that the patient's wages or funds at a financial institution are likely to be exempt from garnishment.
    - b. If a patient submits a written claim that the patient's account or wages are exempt from garnishment, Children's third party debt collection attorney shall not object to the claim of exemption without receiving the specific, case-by-case approval of the Children's general counsel's office.
    - c. In deciding whether to grant such an approval in a particular case, the general counsel's office shall review all information submitted by the patient in support of the patient's claim of exemption.
  3. Children's will not hold a patient/guarantor liable for a portion of the medical debt if the patient provided Children's, in a timely manner, adequate information to bill a third-party payer, and Children's failed to submit a bill for the third-party payer's portion of the medical debt in a timely manner.
  4. Children's will not refer any bill to a third party debt collection agency/attorney for collection activity while a claim for payment of the bill is pending with a third party payor with which it has a contract.
  5. Children's may refer a bill to a third party collection agency/attorney following an initial denial of the claim by the third party payor. However, Children's will not refer any bill to a third party collection agency/attorney for collection activity when the claim is denied by a third party payor due to its error, and such error results in the patient becoming liable for the debt when they would not otherwise be liable.

**Board of Directors' Responsibility:** The board of directors or a delegated board committee shall perform an annual review of this policy and all policies concerning collection of medical debt, uninsured discount, and financial assistance. The Board shall also review the results of an annual audit related to these areas in accordance with the Minnesota Attorney General's Agreement.

**Related Policy(s):** [1400.02 Outside Counsel for Collection Matters](#)  
[1400.03 Uninsured Discount Program](#)  
[1400.04 Collection Agency](#)  
[1401.00 Financial Assistance](#)

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Version 3: 01/05/09  
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**Group**  
Administrative Policy Committee

**Date**