



Collection Agency

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Site:	System		
Responsible for Review:	Director revenue management; general counsel		
Original Effective Date:	10/13/05		
Version Date:		Review Annually	
Next Review Date:			

Policy:	Children's Minnesota (Children's) strives to assist all patients/guarantors in meeting their financial obligations prior to enlisting the assistance of a collection agency. Collection agencies may be enlisted only after all reasonable collection and payment options have been exhausted. Collection agency staff will uphold the confidentiality and individual dignity of each patient. Children's has zero tolerance for abusive, harassing, oppressive, false, deceptive, or misleading language or collection conduct by outside counsel and collection agencies that collect medical debt from Children's patients.
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Purpose:	This policy describes the relationship that exists with external collection agencies as well as the collection agencies roles and responsibilities in upholding their service agreements.
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Procedure:	<ol style="list-style-type: none"> 1. Children's may refer an outstanding account to a third party debt collection agency after all internal collection options and patient/guarantor payment options are exhausted and the Children's employee with the appropriate level of authority has confirmed that: <ol style="list-style-type: none"> a. There is a reasonable basis to believe the patient owes the debt; b. All known third-party payers have been properly billed by Children's. Such that any remaining debt is the financial responsibility of the patient/guarantor and provided that Children's shall not bill a patient/guarantor for any amount that an insurance company is obligated to pay, provided the patient/guarantor has given authorization to bill; c. Where the patient/guarantor has indicated an inability to pay the full amount of the debt in one payment, Children's has offered the patient a reasonable payment plan, provided that Children's may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment; and d. The patient/guarantor has been given a reasonable opportunity to submit an application for financial assistance, if the facts and circumstances suggest that the patient may be eligible for financial assistance, including, for example, if the patient is uninsured or is on MinnesotaCare, Medical Assistance, or other relief based on need. 2. The VP of Revenue Management or designee will complete an affidavit certifying the items above were completed prior to sending an account to a collection agency. <ol style="list-style-type: none"> a. Normal course of business for amounts less than \$5,000 b. For debt greater than \$5,000, a director will perform the review required by this section.
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	<ol style="list-style-type: none"> 3. All collection methods will be in accordance with state and federal collection laws including the Fair Debt Collection Practices Act, Internal Revenue Code section 501(r), MN Statute 144.587-589, Telephone Consumer Protection Act and the requirements of the agreement with the Minnesota Attorney General related to uninsured discount and billing practices (“Attorney General Agreement”). 4. Children’s may not refer any outstanding account to a third party debt collection agency/attorney if the patient/guarantor is making payments on that debt in accordance with the terms of a payment plan previously agreed to by Children’s. 5. If a patient/guarantor submits an application for financial assistance after an account has been referred for collection activity, Children’s shall suspend all collection activity until the patient’s/guarantor’s financial assistance application has been processed and Children’s has notified the patient/guarantor of its determination. Children’s shall name the level of employee who is authorized to make the determinations described above. The level of the employee may vary based upon the amount of the debt. 6. Children’s will refund any dollars received from a patient/guarantor who submits an application and is approved in whole or through a discounted amount in accordance with Children’s financial assistance policy, within 240 days of the post discharge statement.
Collection Agency Relations:	<ol style="list-style-type: none"> 1. Children’s shall execute a contractual agreement with each collection agency it uses. Outstanding accounts will be assigned to agencies based upon their ability to perform in full compliance with this policy, Children’s financial assistance policy and the terms of the agreement between Children’s and the Minnesota Attorney General’s Office. 2. Children’s shall monitor and measure all patient complaints, will work with agencies to expedite resolution and may contact the patient independently to confirm resolutions.
Collection Agency Agreements:	<ol style="list-style-type: none"> 1. On an annual basis, Children’s chief executive officer shall review and determine whether or not to issue or renew any contract with any third party debt collection agency. In reaching this determination, Children’s shall consider whether the debt collection agency has acted in a manner consistent with the Attorney General’s Agreement and Children’s mission and policies and applicable laws. 2. Collection fees shall be contingent upon only actual monies collected whether paid directly to Children’s or the collection agency. Children’s shall not pay any debt collection agency any performance bonus, contingency bonus, or similar payment, which is calculated on the basis of the amount or percentage of debt collected from two or more patients. Children’s is not prohibited from paying a collection agency a percentage of the debt collected from a particular patient. Each contracted collection agency must agree that the commission rate shall be its sole source of compensation. 3. Collection agency shall not report any Children’s patients to a credit reporting agency as a result of that patient’s failure to pay a medical bill. 4. Collection agency shall comply with Children’s financial assistance policy and Children’s billing and collection policy
Monitoring Collection Agency Agreements:	<ol style="list-style-type: none"> 1. Children’s will analyze collection agencies’ performance at regular intervals. The analysis reviews the agency’s ability to fulfill the contract, communications, placements, collections, fees, complaint log, and service.

	<p>2. Each third party debt collection agency and attorney that provides services for Children’s regarding a patient account shall:</p> <ul style="list-style-type: none"> a. Keep a record of the date, time, and purpose of all communications to or from Children’s patients. b. Document all oral and written complaints received from any patient concerning the conduct of the agency. For documentation purposes, a “complaint” is any communication from a patient or patient’s representative in which they express concerns about the conduct of the debt collection agency. The agency/attorney shall provide a complete copy of the documentation to the contact designated in its written contract with Children’s, every month. Failure of the agency to document and report a complaint in the manner specified above may result in termination of the agency’s contract by Children’s. c. Respond timely, written or verbally, as appropriate, to patient requests for information concerning the financial status of their account and/or acknowledging any additional information provided. The agency/attorney is contractually obligated to speak directly to the patient and must report immediately to Children’s any new information obtained from the patient that would warrant financial review. Children’s shall direct patient inquiries to the contracted agency/attorney, however, Children’s shall not refuse to supply contact or other information or refuse to speak with any of its patients on the basis that the patient’s account has been placed with a third party debt collection agency or attorney for collections. d. Cooperate with Children’s and affirmatively take all reasonable steps so that all persons providing services in connection with Children’s patients understand the contents of Children’s financial assistance policy, understand how patients may obtain more information about Children’s financial assistance policy, and understand how to submit an application for financial assistance to Children’s. If the agency or the attorney receives information reasonably indicating that a patient referred by Children’s may be eligible under Children’s financial assistance policy the agency or attorney shall immediately suspend collection action until Children’s makes a financial assistance determination whether to recommence collection activity and notifies the patient. e. Include the following language on all collection notices sent to referred Children’s patients and on all cover letters serving all lawsuits and garnishment papers with the prominence required for notices under the federal Fair Debt Collection Practices Act: “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 addressed, you may contact the Minnesota Attorney General’s Office, which can be reached at (651) 296-3353 or 1-800-657-3787.” f. Patient complaints about collection agencies will be resolved in an appropriate manner in the most thorough and expedient fashion. g. Complaints will be documented and filed. The appropriate Children’s department may contact the complainant to confirm that their complaint has been resolved and/or satisfied.
<p>Collection Through Legal Action:</p>	<ul style="list-style-type: none"> 1. Children’s shall not give any debt collection agency or attorney any blanket authorization to take legal action against patients for the collection of medical debt. 2. No legal action will be initiated against any debtor’s account until Children’s has given written authorization to commence such action.

3. Children's shall not file any lawsuit against any particular patient to collect medical debt until a hospital employee with the appropriate level of authority completes a certification of expert review and authorizes the litigation.
 - a. For litigation seeking thirty thousand dollars (\$30,000) or less, the lawsuit will be reviewed and authorized by the director of revenue management.
 - b. For any lawsuit seeking greater than thirty thousand dollars (\$30,000), the Children's general counsel's office will review and authorize the lawsuit.
4. The collection agency will make every effort to collect on an account prior to commencing legal action. In the event that legal action must be taken, legal costs of any kind shall be advanced by the collection agency, and the action will be initiated in Children's name. The commission fee on such an account will be a straight percentage, on a contingency.
5. Children's shall enter into written contracts directly with any attorney or law firm utilized by it to collect debt from its patients and shall not subcontract or delegate the selection of any third party debt collection attorney or law firm to its debt collection agency.
 - a. Such written contract shall require the attorney or law firm to act in accordance with the terms of the Attorney General's Agreement, Children's financial assistance policy and collection agency policies, and all applicable laws.
 - b. Such written contracts shall prohibit payment to any debt collection attorney or law firm of any performance bonus, contingency bonus, or other similar payment, which is calculated on the basis of the amount or percentage of debt collected from two or more patients. Collection fees shall be contingent upon only actual monies collected whether paid directly to Children's or the collection agency.
 - c. Each contracted collection agency must agree that the commission rate shall be its sole source of compensation.
6. Children's shall establish adequate controls to ensure that the attorney acts in a manner consistent with the Attorney General's Agreement and Children's policies, procedures and mission.
7. Children's general counsel's office or a Children's employee with suitable experience and authority shall oversee the conduct of any third party attorney retained by Children's to collect medical debt from its patients, and shall oversee all debt collection litigation.
8. Children's shall require that its third party debt collection attorneys take the following actions with respect to the collection of medical debt from patients:
 - a. File any lawsuits brought against Children's patients for the collection of medical debt with the applicable court no later than seven (7) days after the lawsuit has been served upon the patient.
 - b. Sign and date all pleadings, including but not limited to all summonses and complaints and garnishment summonses and related documents.
 - c. Ensure that all affidavits of service which purport to document the service of any pleading or legal papers state the following:
 - i. If the pleading is served by mail, the affidavit of service shall state the address to which it was mailed; and
 - ii. If the pleading is served personally, the affidavit of service shall state the name of the person to whom the pleading was delivered. A generalized statement such as that the pleading was delivered to a person of suitable age shall not suffice for purposes of this paragraph.
 - d. Serve along with any summons and complaint the form attached as [Appendix I](#).
 - e. List the case caption of all pleadings the county where the lawsuit is or will be venued.

	<p>f. Children’s shall instruct its attorneys not to petition any court to have any debtor arrested, or any arrest warrant or body attachment issued, or to cause such an action, as a result of the debtor’s failure to appear in court, to complete paperwork, or to otherwise respond to any request or action by Children’s in connection with its efforts to collect medical debt from the patient.</p> <p>g. Children’s shall not petition any court to have any debtor arrested, or any arrest warrant or body attachment issued, or to cause such an action, as a result of the debtor’s failure to appear in court, to complete paperwork, or to otherwise respond to any request or action by Children’s in connection with efforts to collect medical debt from its patients.</p>
<p>Default Judgments:</p>	<ol style="list-style-type: none"> 1. Children’s shall serve any motion for default judgment upon the patient at the patient’s last known address. Prior to authorizing a default judgment, the general counsel’s office shall complete an affidavit of expert review verify that there is not a reasonable basis to believe that: <ol style="list-style-type: none"> a. The patient may already believe that he or she has adequately answered the complaint by calling or writing to Children’s, its debt collection agency, or its attorney; b. Whether the patient is sick, disabled, infirm, or elderly so as to potentially render the patient unable to answer the complaint; or c. Whether the patient may not have received service of the complaint. 2. If Children’s has knowledge of the identity of an attorney representing a patient in connection with Children’s debt collection efforts, it shall notify its third party debt collection attorney, law firm, and agency of the identity of any attorney who represents the patient. Neither Children’s, nor any debt collection agency or attorney retained by it, shall directly contact any patient known to be represented by attorney with regard to the collection of that debt without the permission of the patient’s attorney.
<p>Garnishments:</p>	<ol style="list-style-type: none"> 1. Children’s shall not give any debt collection agency or attorney any blanket authorization to pursue the garnishment of patient’s wages or bank accounts. 2. Children’s shall not authorize its debt collection agencies or attorneys to proceed with the garnishment of a particular patient’s bank account or wages until a Children’s employee with the appropriate level of authority authorizes the garnishment for that particular patient and completes an affidavit certifying that: <ol style="list-style-type: none"> a. Children’s has no reasonable basis to believe that the patient’s wages or funds at a financial institution are likely to be exempt from garnishment. Such information may include, but is not limited to, such factors as whether the patient is on social security, medical assistance, or other relief based on need. b. There is a reasonable basis to believe the patient owes the debt. c. All known third-party payors have been properly billed by Children’s, such that any remaining debt is the financial responsibility of the patient and provided that Children’s shall not bill a patient for any amount that an insurance company is obligated to pay; d. Where the patient has indicated an inability to pay the full amount of the debt in one payment, Children’s has offered the patient a reasonable plan, provided that Children’s may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment; and e. The patient has been given a reasonable opportunity to submit an application for financial assistance, if the facts and circumstances suggest

	<p>that the patient may be eligible for financial assistance, including, for example, if the patient is uninsured or is on MinnesotaCare, medical assistance, or other relief based on need.</p> <p>3. The finance department will verify the above items with final approval from Children’s legal department to send to outside counsel for garnishment. 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. Children’s shall include with the initial notice it sends to any patient of a garnishment the form attached as Appendix II.</p> <p>4. 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 Children’s general counsel’s office. 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.</p>
Board of Directors’ Responsibility:	The board of directors or delegated 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 the annual audit related to these areas in accordance with the Minnesota Attorney General’s Agreement.
Related Policy(s):	1400.01 Collection Process 1400.02 Outside Counsel for Collection Matters 1400.03 Uninsured Discount Program 1401.00 Financial Assistance
Version Dates:	Version 1: 10/13/05 Version 2: 10/23/07 Version 3: 01/05/09 Version 4: No changes Version 5: 03/01/11 Version 6: 01/19/12 Version 7: 06/27/13 Version 8: 06/26/14 Version 9: 10/01/2015 Version 10: 07/01/16 Version 11: 09/20/17 Version 12: 09/20/18 Version 13: 9/12/19 (no changes) Version 14: 02/13/20 Version 15: 06/10/21 (no changes) Version 16: 12/01/22 (no changes) Version 17:
Approval Group(s)	
Version #	Group
17	Audit and Compliance Committee of the Board
17	Administrative Policy Committee

APPENDIX I

[HOSPITAL NAME] Lawsuit Information Sheet

You are receiving this information sheet because you have been served with a Summons and Complaint (lawsuit) by [HOSPITAL NAME] (“_____”). [HOSPITAL NAME] cannot give you legal advice. Therefore, this document only provides basic information, and you should immediately discuss this matter with an attorney.

● **Start of the Lawsuit.** To start a lawsuit against you, [HOSPITAL NAME] has served a Summons and Complaint on you either: (a) by delivering it to you personally or leaving it at your home; or (b) by mail, if you agree in writing to accept “service” of the Summons and Complaint by mail and sign a form that so indicates. The Summons informs you that you must provide a *formal, written legal “answer”* to the complaint within 20 days after you receive the legal documents. The Complaint explains why [HOSPITAL NAME] is suing you and asks a court to make you pay money.

The Summons and Complaint may not include a court file number. They are, however, the legal documents that begin the lawsuit. It is very important that you do not ignore the documents, or you will be in “default.” No court hearing is required for a default judgment to be entered against you if you do not respond to the Complaint.

● **Answering a Complaint.** The “Answer” is the formal legal name for your response to the Complaint. The Answer must meet certain requirements of the Minnesota Rules of Civil Procedure. *Contacting [HOSPITAL NAME] or its attorney by telephone or written correspondence is not “answering” the Complaint.* While [HOSPITAL NAME] encourages you to call if you have questions regarding the bill that was sent to collections, doing so is not a formal “Answer.” Some court clerks have form “Answers” which may be of assistance to you. You must serve a copy of your Answer on [HOSPITAL NAME]’s attorney by mail, fax, or hand delivery and complete an Affidavit of Service that explains who was served, how, and on what date. The Affidavit of Service form must be signed in front of a notary public or a court clerk. If you want a judge to hear the dispute, you should file the original Answer and Affidavit of Service with the court in the county in which you are being sued after you have served your Answer on [HOSPITAL NAME]. You will be required to pay a court filing fee. (If you meet certain financial guidelines, however, you may not be required to pay the court filing fee. You may obtain more information regarding a waiver of the fee by contacting the clerk of court.)

● **Failure to Answer.** If you do not “answer” the Complaint, [HOSPITAL NAME] may get a “default” judgment entered against you requiring you to pay money. By getting a default judgment, [HOSPITAL NAME] may be able to initiate a separate garnishment action against you.

APPENDIX II

[HOSPITAL NAME] Garnishment Information Sheet

You are receiving this information sheet because [HOSPITAL NAME] (“_____”) has started a process to get money from you by sending a “garnishment summons” to a “garnishee”-- typically your bank or employer. These proceedings are called “garnishment” proceedings.

[HOSPITAL NAME] cannot provide you with legal advice. Therefore, this document only provides basic information. You should immediately discuss this matter with an attorney.

● **Taking Money From Your Wages.** If [HOSPITAL NAME] is trying to take money from your wages, you should receive notice *before* your wages are garnished or taken. Generally, [HOSPITAL NAME] cannot garnish more than 25% of your net wages, or any of your net wages if they are less than \$206 per week. If you have received public assistance based on need, [HOSPITAL NAME] cannot take any of your wages for 6 months after you received the assistance, if you submit the proper paperwork on time. To claim that wages cannot be taken (i.e., are “exempt”), you must promptly return to [HOSPITAL NAME]’s attorney the “Debtor’s Exemption Claim Notice” that came with the “Garnishment Exemption Notice and Notice of Intent to Garnish Earnings.” *Calling [HOSPITAL NAME] is not sufficient.* If [HOSPITAL NAME]’s attorney does not receive this exemption notice within 10 days, [Hospital Name] can seek to get money from your employer. **If [HOSPITAL NAME] does not agree that your wages are exempt, it can still seek to get money from your employer, and you will have to ask the court to decide that your wages cannot be taken.**

● **Taking Money From Your Bank Accounts.** If [HOSPITAL NAME] is trying to take money from your bank account, the bank will “freeze” enough money in your account to pay off your debt to [HOSPITAL NAME]. *You will not receive notice of the bank garnishment until after your funds are already frozen. You will not have access to your funds while they are frozen. Your checks may “bounce,” and you may incur overdraft charges during this time.* You may want to contact your bank immediately.

If you deposit qualified public assistance checks (or wages if you are on or have received public assistance within the last 6 months) in a bank account, [HOSPITAL NAME] cannot garnish your account for 60 days, if you timely fill out the proper paperwork. To claim that funds in your bank account cannot be taken (i.e., are “exempt”), you must sign and return within 14 days to the bank (and [HOSPITAL NAME]’s attorney) the “Exemption Notice” (the form your bank sent to you when it received a Garnishment Summons from [HOSPITAL NAME]). *Calling [HOSPITAL NAME] is not sufficient.* You may want to include copies of documents (*i.e.* benefit letters, bank statements, etc.) to show why your funds are exempt. **If you don’t claim an exemption within 14 days from the date the bank mailed the exemption notice to you, the bank may turn over your frozen funds to [HOSPITAL NAME].** If you do claim an exemption on time, the bank will “unfreeze” your funds and release them to you in 7 days unless [HOSPITAL NAME] “objects” to your “exemption claim.” If [HOSPITAL NAME] “objects,” it must send you a written objection to your exemption claim, along with a form entitled “A Request for Hearing and Notice of Hearing.” **If [HOSPITAL NAME] sends you this form, you must fill out and file with the court the “Request for Hearing” form within 10 days of receiving the objection, or the bank can release your money to [HOSPITAL NAME].**