

NEW MILFORD HOSPITAL

TITLE: **BAD DEBT WRITE OFF POLICY**

It is the policy of New Milford Hospital to make every reasonable effort to collect the self pay portion of an account within 150 days from the determination of self pay liability.

It is recognized that some accounts will be deemed uncollectable therefore, will be written off to bad debt.

No accounts will be referred to bad debt until the patient has received a Final Dunning Message on their statement except in the case of an unlocated patient with significant prior bad debt experience.

All patient balances regardless of insurance carrier, i.e. Medicaid, will be treated in the same manner for the purpose of bad debt write offs and further collection activity. (Excluding Medicaid)

All data mailers will include information advising patients of the availability of Financial Aid and the criteria to meet eligibility.

EFFORTS USED TO COLLECT PAYMENT

The hospital policy is to bill all Insurance carriers for payment. Once it has been determined that all third party reimbursement has been made a balance due statement is sent to the patient. The patient will receive 4 reminder statements and then a final notice. Once the patient has received a final notice the account is then reviewed. The supervisor evaluates if the account should be turned over or if additional follow up is needed.

BAD ADDRESS

If the hospital receives a mail return and is unable to secure current information the account will then be turned over for collection. This can be done without the patient receiving 4 statements. The hospital considers the collection agency as an extension of their collection efforts. Once the accounts are turned over the collection agency follows their individual standard collection policy. The collection agency makes every effort to collect from each and every patient turned over to him or her since they work on commission basis. (They receive payment for accounts collected, not just worked on).

REPORTS

The hospital is currently transmitting claims electronically to each agency. A paper report is generated showing the amount that was turned over. The collection agency reports payments to the hospital on a monthly.

COLLECTION AGENCIES

The hospital is currently using the following collection agencies

1. American Adjustment Bureau
2. Credit Center
3. Trans Continental Credit

BANKRUPTCY

When notice is received that a patient has filed for Bankruptcy, a hold is placed on all Accts. that pertain. Bankruptcies are followed up on periodically, for approval or denial. When a "Discharge of Debtor" is received from the courts unpaid balances are written off upon approval by the appropriate Supervisor/Office Manager/Director of the Dept.

Special Considerations:

Account balances unpaid by patients that have expired, leaving no estate or assets will be written off upon approval of the Supervisor/Manager/Director of the Dept.

Unpaid accounts held up in Probate Court, pending settlement of the estate, will be written off upon approval of the Supervisor/ Manager/Director of the Dept. The Supervisor/Manager or Director will recommend write off for cases that will continue indefinitely after claims have been filed with the appropriate party to protect the interest of the Hospital.

Accounts that remain unpaid due to Liability Claims pending settlement of litigation may be written off upon approval of the Director of Patient Accts. The Supervisor/Manager may recommend a write off of accounts in which the patient is not able to pay and the Liability Claim may continue indefinitely. only after Liens have been filed with all parties to protect the Hospital's interest.

Responsibility of the Business
Office Supervisor

1. Compile and Print B/D Transfer list. This report identifies those accounts which have progressed through the complete billing cycle and are ready to be written off to Bad Debt.
2. Review accounts on the report by checking notes entered on the system that the Self Pay collection policy has been followed regarding statements, calls, messages, etc. Edit and recycle accounts if necessary.

Director of Patient Accounts

3. Verbal Authorization to transfer claims to BD is given after the review.

Business Office Supervisor

4. Edit and Transfer to Appropriate Agency thru Aut. B/D Transfer feature.
5. Print Bad Debt Accounts (with Detail) and Download onto a disc (if applicable)/ I.D. Medicare Accts and mail to approp. Agency.
6. Reprint Bad Debt accounts from same file (No Detail) and Balance to original report.

Updated 2/17/2011

COLLECTION COMPANIES

American Adjustment Bureau (AAB) handle debtor's names beginning: A-I
Address: 73 Field Street
Waterbury, Ct 06723

- Toll-free outside debtor line: 866-843-9729
- Toll-free inside client line: 866-267-1383

Credit Center, Inc. (CCI) handle debtor's names beginning: J-Z
Address: 7 Finance Drive
Danbury, Ct 06810

- Outside debtor line: 203-797-0505
- Direct line to our contact Neal Silverman: 203-749-2612

New as of 2010: TransContinental Credit & Collection Corp. (TCCC)
Contact: Elizabeth Robles, 914-993-9420, rep21@transcontinentalcredit.com
44 South Broadway STE 401 White Plains, NY 10601 Effective New Fiscal
Year no longer sending accounts to agency

Efforts Used to Collect Payment: The hospital policy is to bill all insurances carriers for payment. Once it has been determined that all insurance payment has been made, any patient balances due are billed to the guarantor. A patient bill may also be generated if an insurance remittance received assigns a patient responsibility on a portion of a claim. Further, a Point of Service (POS) program is now in place to obtain up-front co-payments for some service types, like ER and ODS.

Whenever there is a patient balance due on a finalized account, our system generates bills to the guarantor address five times, at 30-day cycles. Each statement that goes out has a message advising the debtor to contact us to make payment etc. Each statement (#1-5) message increases in intensity regarding the need to pay the account balance and warning the debtor that the account will be turned over to an outside collection agency. Once an account reaches statement #6, no further bills can be generated, and the account can become eligible to be turned over to collections.

At that point, long as there is no insurance balance due, the account will come up on a turnover report that is run monthly by Billing Supervisor. She will decide if additional follow up is needed. Once the account has been turned over, both the date of the turnover and the collection company to which it was sent show on the patient account under Process an Account in BAR.

Note that an account may be turned over sooner if we find that we do not have a valid mailing address for the patient/guarantor. At least one attempt to send a bill

is made, and NMH pays extra postage to have mail returned to us with any applicable forwarding information. All returned patient mail is reviewed individually by one of our Customer Service Representatives. Every attempt is made to find a correct/new patient or guarantor address, including trying to contact them via telephone. If we are unable to obtain correct/new patient/guarantor mailing information, the account's statement status is moved up to #6, making it eligible to be sent to collections on the next turnover report.

Each collection company has their own procedures for pursuing the debtors. They do not immediately report the bad debt on to a Credit Bureau. There is generally a 60-90 day grace period to allow the debtor to respond to the collection company's initial attempts to contact the debtor. As long as the debtor makes a payment arrangement with the collection company, and does not default on the agreement, the collection company will generally not report the debt. However, NMH has no involvement in the agreement or debt status once it has been turned over to a collection company, so our CSR can not guarantee the collection company's actions. Any patient contacting NMH is referred to the corresponding collection company to discuss payments and/or debt status.

- We receive requests for itemized bills from the collection companies. Unless they specify a UB92 form, we send them a 13/8. They need a statement that shows any payments made, who made them, and when the payments were received.
 - We may fax them the 13/8 if requested via phone message or fax.
 - Hardcopy requests are to be returned by mail with the 13/8 attached.
- The collection companies also go legal with certain debts. Depending on the total amount of the debt, the collection company will send us a request for our authorization for that action. We have to check that the account debt matches the amount noted on the collection company request, then attach a itemized statement (13/8), and forward the package to the Director of Patient Accounts for review and authorization. Each collection company uses a different attorney group to handle their legal claims. Usually the collection company will bundle several accounts for a guarantor together under the same suit. This means that a single suit may consist of more than one claim for a single patient's claims, or multiple family members' claims.
- As much as possible, any patient/guarantor calls regarding bad debt accounts should be referred to the corresponding collection company. They can access our Meditech system and check current balances and the notes screen. However, they often need to call to confirm information, payments, or the reason for the patient's visit, when the patient does not recall it. Also, patients/guarantors made need us to go over their accounts for

status since the collection companies combine some accounts when they go legal on them.

- Frequently a debtor will present in person with a collection company letter, or the collection company's attorney's letter, or even legal court documents regarding a debt with NMH. As noted above, the collection company may combine several accounts onto a legal suit, so we have to contact them in order to determine which accounts are part of any given suit.
- Any payment that a debtor makes is logged at both NMH and the collection company. When the payment is made through the collection company, or through the mail to NMH, the information is exchanged via a written monthly report. If a patient calls the payment in via a credit card, or pays in person at the window, then the CSR must contact the collection company to advise that the payment has been made.
- Note that we can accept only payments for patient balances due on our accounts. If the debtor owes legal fees on a reported bad debt account, they must make payment of same to the collection company, the associated attorney, or the court as is applicable.
- We can also utilize the collection companies when we need new guarantor address and/or phone number information. If the guarantor has other accounts in bad debt, the collection company may have up to date information and also has access to people search programs that we do not have.
- NMH does not have the ability to check a patient's credit report, nor can we change the status of a debt that has been reported to any of the Credit Bureaus. Only the collection companies can access and handle the reporting to the Bureaus. When the debtor pays off a debt that has gone legal, the collection company will release the appropriate paperwork to the debtor. In the event that a lien has been applied, the debtor must take the release of lien information to the Town Hall to complete the release of lien with the town in which the lien property is located.

COLLECTION COMPANIES.doc

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