



Collections Policy

PURPOSE

To establish a policy governing the collection of medical debt from individual patients, in accordance with the guidelines set out in an agreement with the MN Attorney General's Office, the MN Statute. 144.587-589, MN Debt Fairness Act and any final IRS regulations 501(r). In this document, Entity refers to any and all separate billing entities that comprise CentraCare.

CentraCare adopts the following Policy/Procedure for:

CentraCare – Benson, CentraCare – Clinic, CentraCare – Clinic Southwest, CentraCare – Employees, CentraCare - Long Prairie, CentraCare – Melrose, CentraCare – Monticello, CentraCare – Paynesville, CentraCare - Plaza Surgery Center, CentraCare – Redwood, CentraCare - Rice Memorial Hospital, CentraCare - Sauk Centre, CentraCare - St. Cloud Hospital, CentraCare - Willmar Surgery Center

POLICY

- A. When collecting medical debt, Entity will treat its patients with honor, dignity and courtesy; demonstrate compassion; and be good stewards of health care resources.
- B. Entity will follow the requirements of the MN Attorney General Agreement, the MN Statute 144.587-589, MN Debt Fairness Act and the IRS regulation requirements for 501(r).
- C. There is zero tolerance for abusive, harassing, oppressive, false, deceptive or misleading language or collections conduct by employees who collect medical debt from patients on behalf of CentraCare.

DEFINITIONS

Designated Hospital Department: a department or location that is considered a hospital service under the licensure of a hospital. Examples of this could be a department that provides professional services in a hospital location – infusion services. Another example is a clinic that is physically attached to a hospital such as CentraCare -Melrose Clinic.

Entity: In this document, Entity refers to any and all separate billing entities that comprise CentraCare.

Extraordinary Collection Actions (ECA's): actions taken by a hospital facility against an individual related to obtaining payment of a bill for care. This may involve referral to a collection agency or selling an individual's debt to another party.

Uncollectible: efforts to collect the debt have been unsuccessful.

Uninsured Patient: a patient that is not covered under a health plan contract or policy or any other type of insurance coverage, including but not limited to no-fault auto coverage, worker's compensation coverage or liability coverage.

Unreachable Patient: a patient that we are unable to reach due to possible return mail due to invalid address, invalid email address or phone information.

GUIDELINES

A. Communicating Policies to Patients

1. During the pre-registration or admission process, Entity will attempt to identify all third-party payers that may be obligated to pay for services provided to a patient.
2. Patients who may be eligible for or who inquire about reduced fees through the Financial Assistance programs will be screened for eligibility and educated as to how to apply for financial assistance. Billing statements for patients who have a patient balance will inform patients of the availability of financial assistance. All employees who have direct contact with patients will be educated on an annual basis of the Financial Assistance policy. The education will include the existence of the various financial assistance programs available to patients, and how a patient may obtain more information and submit an application for financial assistance.
3. Entity will communicate its Financial Assistance Policy to patients via direct conversation with patients, through billing statements, signage, the CentraCare website and brochures located in registration areas. Entity also will work to place information about financial assistance in areas of the community where people most in need of assistance likely will access the information.
4. All 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 send questions or dispute bills
 - c. Reference to the availability of financial assistance and how to apply
 - d. The following information in the same size and font as other words in the body of the collection communication, regarding the Minnesota Attorney General's Office: "If you feel that your concerns have not been addressed, please contact the business office 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 at (651) 296-3353 or (800) 657-3787. You have the right to hire your own attorney to represent you in this matter."

B. Billing Process

1. Entity will ensure timely and accurate submission of claims to third party payers, provided the patients have provided accurate and timely information to Entity.
2. Patient debt will not be referred to a third party collection agency while claims are pending for payment with a contracted third party payer or within the notification period or application period. Claims are not considered to be pending with a third-party payer if a patient has failed to provide the requested information.

3. Patients will be liable for debt when third party payers deny the claim as patient responsibility. If the claim is denied due to the Entity's error, patients will not be liable for such balances. Patients will not be billed while coding and billing errors are investigated.
4. Patients are liable for balances on claims pending with insurance when patients have not cooperated in providing the requested information.
5. For all hospitals of CentraCare with Financial Assistance eligible individuals will not be charged more for emergent and medically necessary care, using the look back method of (average generally billed) AGB, as described in the 501r regulations, than the amount generally billed to individuals with insurance covering emergency and medically necessary care.

C. Response to Patient Questions or Disputes

1. Entity will exercise its best efforts to respond to all questions or disputes from patients regarding a medical bill as soon as possible allowing reasonable time for investigation. Disputes to include coding and billing errors.
2. Inquiries received will be responded to within 30 days after completing the review. The patient will be refunded any overpayment related to the billing error within 30 days after completing the review.
3. Billing and any collection activities will not occur until the investigation has closed, and the patient has received communication as to the outcome of the investigation.

D. Collection Policies

1. Internal Collection

- a. Prior to commencing collection activities, a review will be completed to ensure there has been reasonable efforts to provide initial screening and education to patients regarding the availability of financial assistance programs.
- b. Internal collection activities may include follow-up calls, texts, emails and/or letters on unpaid charges.
- c. During any initial contact with a patient regarding the collection of medical debt, staff will:
 - i. verify the person billed was the person who received the services; staff will verify any demographic information necessary to confirm that the person billed actually owes the debt.
 - ii. Staff collecting the debt also will 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.
- d. A spouse is not liable to a creditor for any debts of the other spouse. This includes deceased patients.

- e. Patients may pay on account by mail, over the phone, in person at any CentraCare site, or electronically at pay.centracare.com. Accepted payment methods: cash, check or credit cards.
- f. During any initial or subsequent contact with a patient regarding the collection of medical debt, if the patient has indicated an inability to pay the full amount of the debt in one payment, staff will discuss with the patient all the following options:
 - i. Screening for and patient education of Financial Assistance Program
 - ii. The patient may pay the balance of the debt through monthly payments on an installment plan according to Entity guidelines.
 - iii. The patients may finance the debt with an outside finance company. The company may be a lending agency contracted by CentraCare, which CentraCare pays the interest, or a lending agency of patient's choice.
 - iv. If a patient cannot pay a balance in full and refuses payment plan options and does not qualify for a financial assistance program, the situation may be reviewed by the Supervisor/Manager to consider approval for a payment plan exception.
- g. If the patient desires to apply for Financial Assistance, staff will assist the patient with receiving an application either through the mail, email, MyChart or in person at a CentraCare location. Follow up will be initiated after 14 days. Normal collection activity may resume if, after 30 days, an application for Financial Assistance has not been received and/or the patient has not responded to follow-up contact attempts.
- h. Collection activities will cease while a pending Financial Assistance application is being processed. Collection activity may resume if a Financial Assistance application has been processed and is denied.
- i. Extraordinary collection actions as defined by applicable IRS regulations will not occur until 120 days from the date the claim is adjudicated with insurance or date of discharge for self-pay patients.
- j. Collection activities will be suspended if a patient advises collection staff that:
 - i. The patient does not owe all or part of a bill or there is a pending dispute.
 - ii. A third-party payer should pay the bill.
 - iii. the patient needs documentation concerning the bill. Collection activities may resume 30 days after documentation has been sent to the patient's last known address in response to the patient's inquiry.
 - iv. the patient has a pending financial assistance application

2. Referral to a Collection Agency

- a. Before any debt is sent to a licensed collection agency, an employee will verify that:
 - i. There is a reasonable basis to believe that the patient owes the debt, and any questions or concerns have been addressed.
 - ii. Patient has been screened for and educated regarding financial assistance programs.
 - iii. All third-party payers have been properly billed such that any remaining debt is the financial responsibility of the patient.
 - iv. Where the patient has indicated an inability to pay the full amount of the debt in one payment, the patient has been advised of his or her options described in this policy and, if applicable, been screened for and given a reasonable period of time to submit an application for Financial Assistance.
 - v. Debts >\$50,000 will be reviewed by leadership prior to placement with a collection agency.

3. Additional Collection Review Per the MN Statute 144.587-589

a. Referral to a Collection Agency: Uninsured Patient Accounts with Services Provided in a Designated Hospital Department

- i. In addition to the review shown in section D-2a (i-vi) an additional account review will be performed following the guidelines set forth in the MN Statute 144.587-589
- ii. Designated staff will complete the review and complete the Certificate of Expert Review form prior to referral to a collection agency.

b. Referral to a Collection Agency: Unreachable Patient

- i. In addition to the review shown in section D- 2a (i-vi), designated staff will complete the account review per the guidelines set forth in the MN Statute 144.587-589 and a Certificate of Expert Review- Unreachable Patient form prior to referral to a collection agency.

4. Referral to a Legal Collection Agency and possible Legal Action

- a. Before an account can be sent for legal action, Entity must review the debt to be certain that:
 - i. Entity has no reasonable basis to believe that the patient's wages or funds at a financial institution are likely to be exempt from garnishment.

- ii. There is a reasonable belief that the patient owes the debt, and all disputes have been addressed.
 - iii. Patient has been screened for and educated regarding financial assistance programs.
 - iv. All known third-party payers (as provided by the patient) have been properly billed by the Entity, such that any remaining debt is the responsibility of the patient and not the responsibility of the insurer.
 - v. Where a patient has indicated an inability to pay the full amount of the debt in one payment, the Entity has offered the patient a reasonable payment plan.
 - vi. The patient has been given a reasonable opportunity to submit an application for Financial Assistance.
- b. Judgment requests provided to Entity by the legal collection agency will be reviewed and completed by leadership. An account review will be performed on all accounts and a Certificate of Expert Review-Legal form completed. A copy of the Certificate of Expert Review-Legal form will be provided to the to the legal collection agency.

5. During the time the account is with the Collection Agency or Collections Law Firm

- a. If the patient contacts Entity regarding the collection of a medical debt after it has been referred to a collection agency or law firm;
 - i. Staff will confirm certain demographic information to ensure that there is a reasonable basis to believe that the patient owes the debt.
 - ii. Verify that all known third-party payers have been properly billed, and any disputes have been addressed.
 - iii. Verify that patient was screened and educated regarding financial assistance programs.
 - iv. If the patient provides hospital staff with new information regarding the patient's liability for the debt, staff will contact the collection agency or law firm with the new information and suspend collection activity until the new information has been investigated.
 - v. If a patient indicates an inability to pay to a collection agency or law firm staff, they will screen patient for financial assistance programs and educate patient regarding program options available.
- b. If a patient contacts staff regarding the conduct of a collection agency or law firm under contract, information regarding the patient's concern will be forwarded to the collection agency or law firm and the complaint/concern will be logged and followed up by appropriate Entity staff.

**Patient Complaints for the purpose of this policy section, a "complaint" is

defined as "any communication from a patient or patient's representative in which they express concerns about the conduct during debt collection of an employee, a collection agency, or a law firm retained to collect medical debt." A log of patient complaints will be maintained regarding the collection of medical debt. Complaints related to the conduct of a collection agency, or a law firm, will be summarized and sent to management at least annually

6. Return from the Collection Agency or Collections Law Firm ending Collection Activities-

- a. Agencies will close accounts that have been satisfied meaning the requested payment has been received.
- b. The agencies will cancel and return accounts back to CentraCare that are deemed uncollectible. Accounts will be considered uncollectible in any of the following circumstances:
 - i. Bankruptcy
 - ii. Deceased with no active estate
 - iii. Any other situation in which all collection activities have been exhausted, and the debt is determined by the agency to be uncollectible.
 - a. Uncollectible:
 - i. No further collection activity is taken if an account is marked uncollectible.
 - ii. Payments will still be accepted on balances that have been determined uncollectible
 - iii. Financial Assistance is available for uncollectible balances

E. Contracts with Collection Agencies and Law Firms

- 1. CentraCare will enter into a written contract directly with any collection agency retained by CentraCare to collect medical debt. Any collection agency contracted with CentraCare will be prohibited from entering a subcontract with another collection agency without prior consent from CentraCare.
- 2. CentraCare will enter into a written contract directly with any attorney retained by CentraCare to pursue medical debt.
- 3. Any collection agency or law firm retained by CentraCare to collect medical debt from patients will be required to abide by the terms of an Agreement signed by CentraCare with the Minnesota Attorney General's Office, requirements of the MN Statute 144.587-589, MN Debt Fairness Act and any IRS regulations 501(r).

4. Management is responsible for ensuring that any collection agencies and law firms retained by CentraCare to collect medical debt receive training on financial programs available to patients.

F. Audits

1. Entity will conduct an annual audit of internal practices in the collection of medical debt to check for compliance with this policy. Entity also will audit any collection agency or law firm retained by CentraCare to collect medical debt for compliance with the Agreement signed by Entity with the Minnesota Attorney General's Office, requirements of MN Statute 144.587-589, MN Debt Fairness Act and IRS regulations 501(r). The results of the audits will be considered by the Sr Director, Patient Financial Services and if pertinent the Executive Team during the annual review of agreements with collection agencies and law firms engaged by Entity for the collection of medical debt.

G. Miscellaneous

1. Entity and any of its contracted collection agencies or law firms will not report medical debt to a consumer reporting agency.
2. Collection efforts may occur for nonpayment after 120 days from when the first post discharge statement was provided. These actions may include civil actions, liens on property, seizure of bank accounts and garnishment of wages pursuant to IRS 501(r).
3. Requests by a law firm to garnish a patient's wages or funds at a financial institution will be submitted to Supervisory personnel for approval. The account will be reviewed, and garnishment will be approved unless there is a reason to believe that the patient's wages or funds at a financial institution are likely to be exempt from garnishment.
4. Providers may utilize a collection agency to attempt to get payment from an MHCP recipient with bad debt or sell the debt. They may also file a suit, however, cannot enforce judgment against the recipient until the recipient has been off all public assistance for six months. CentraCare does not pursue judgments on these patients.