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Title:	Credit and Collections	Effective Date:	2010-12-14	Policy #:	FS-101
Applies to:	<input checked="" type="checkbox"/> Gifford Health Care <input checked="" type="checkbox"/> Gifford Medical Center <input checked="" type="checkbox"/> Gifford Retirement Community				
Division:	<input checked="" type="checkbox"/> Primary Care <input checked="" type="checkbox"/> Hospital <input checked="" type="checkbox"/> Surgical <input checked="" type="checkbox"/> Operations <input checked="" type="checkbox"/> Administrative Svcs.				
Contact:	Director of Patient Financial Services				

Purpose/Policy Statement: All obligations resulting from treatment rendered are due and payable at the time of services unless other arrangements are made with the organization. With the exception of contracted, federal and state insurers, Gifford is not obligated to bill the patient's insurer.

Gifford is committed to providing medically necessary care to all patients regardless of their ability to pay for these services. Individuals and families who have received services from Gifford are obligated to pay for these services. Payment is due at the time of services unless other arrangements are made with the organization. Satisfaction of the debts incurred by guarantors will be determined by the guarantor's financial status, Gifford's ability to extend credit, and guarantor's cooperation. Gifford will not discriminate in the resolution of the guarantor's obligation on the basis of race, color, creed, sex, age and handicap.

Gifford bills other insurers as a courtesy to the guarantor and to facilitate timely payment for services. Payment penalties assessed by the patient's insurer, applied to their obligation to Gifford, is the guarantor's responsibility. The guarantor is responsible for complying with all pre-authorization, pre-certification, and other policy requirements. The patient's insurance policy is an agreement between the patient/guarantor and the insurance carrier. It is not an agreement between the Gifford and the insurance carrier.

A guarantor will be billed on a monthly basis for all obligations determined to be their responsibility, at the time of the billing. Each guarantor will receive at least three statements on current obligations before the obligations are referred to an outside collection vendor or written off to bad debt.

Guarantors who are identified by the Gifford as possible Affordable Care recipients will be encouraged to apply for assistance. Guarantors may also initiate and request consideration for the Affordable Care Program. Patient Financial Services and the Community Outreach Departments in accord with the Affordable Care Policy jointly administer this program.

Both Gifford and the guarantor must agree upon credit arrangements. An arrangement has not been made if a guarantor sends periodic payment(s) without notifying Gifford of his/her intention. If an agreement cannot be made on an outstanding guarantor balance, or is not made, the balance is due and payable immediately. All credit arrangements, scheduled payments over a determined period of time, are offered by Gifford as a courtesy and are based on the organization's ability to provide such arrangements. The Vice President of Finance or the Director of Patient Financial Services must approve all credit arrangements extending over twelve months in length or with monthly payments of less than 10.0%. Gifford is under no obligation to extend credit arrangements. If a guarantor misses a scheduled payment, the account will be considered to be in default and this may result in further collection action.

All guarantors have the right to a summary or itemized copy of their bill(s), except where disallowed by law.

All obligations involving attorneys and third party liability may only be held from collection action if Gifford has filed a lien, the attorney or third party provides an unconditional written guarantee, or arrangements are made to



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resolve the debt. Gifford reserves the right to advise insurance payers of possible third party liability. Liens may be filed as allowed by law.

Gifford staff will adhere to all local, state and federal collection laws and regulations regarding credit and collections. The Fair Debt Collection Practices Act (FDCPA) is the current standard.

Gifford reserves the right to secure their debt through legal means as allowed by law.

It is the guarantor's responsibility to update Gifford with any changes in their billing address and their telephone number. If bills are returned to Gifford and a corrected address cannot be obtained, the debt(s) can be referred to an outside collection vendor before all three statements have been generated.

PROCEDURE:

Guarantors shall be billed for balances, which were determined to be "self pay" or "guarantor responsible". This determination will be made according to the following standards:

- Patient was rendered services and has no insurance coverage for the services rendered.
- Patient's insurance was billed and the insurer did not satisfy the entire balance because the patient had out of pocket expenses (co-payment, co-insurance, deductible, cost-share) to be satisfied in accordance with their insurance policy.
- Patient's insurance was billed and the insurer did not satisfy the entire balance because the patient did not comply with their policy requirements except as prohibited by law.
- Patient's insurance was billed and the insurer did not satisfy the entire balance because the services rendered were not covered under the patient's policy.
- Once the self-pay balance has been determined, monthly statements will be generated to inform the guarantor of their obligation to Gifford and to request payment.

A minimum of three statements will be generated for each guarantor before their balance(s) are eligible for bad debt write off and assignment to a third party collection vendor. Fewer than three statements are acceptable if the statements are returned for incorrect addresses (and correct address cannot be determined) or if circumstances indicate that the organization's interests must be secured immediately through legal means. Additionally, patients who are deceased will not be billed on an ongoing basis. Returned mail for guarantor balances, which are greater than \$500.00 must be researched thoroughly. Updates must be entered on the system to insure proper billing in the future. These updates must be made to the Master Patient Index for future admissions to insure correct billing information.

Gifford will engage in "encounter-based" billing. Each visit is billed individually. Payment arrangements for a particular guarantor may be combined into one bill. Since a guarantor may be responsible for more than one patient and more than one date of service, many guarantors will receive statements for each obligation at various times of the month.

Attempts to telephonically contact a guarantor must occur on all guarantor balances greater than \$50.00. Only one collection contact per week is permissible. A contact is defined as a left message or a direct discussion at any location for the guarantor. Multiple contacts in a week, with a specific guarantor, are allowed if the organization is attempting to resolve an issue in conjunction with a guarantor, returning a guarantor's inquiry, or if they are involved in an ongoing dialogue or negotiation. All applicable aspects of the FDCPA are to be followed by Gifford staff.



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All internal collection efforts must comply with all local, state, and federal regulations and laws. Internal policies must also be followed at all times. The FDCPA is the current standard of practice.

If during the collection process it is determined that an insurer needs to be billed or re-billed, the balance on all applicable accounts must be moved to insurance status and the statement cycle should be terminated.

Guarantors are obligated to inform Gifford of their intentions to resolve all obligations. If guarantors do not respond or ignore the organization's efforts to collect the obligations, the accounts will be assigned to bad debt once the statement cycle has been completed. Periodic payments do not meet the requirement of notifying the organization of the guarantor's intentions.

Guarantors wishing to establish monthly payment arrangements over time must contact Gifford to establish such an arrangement. Periodic payments with no agreement between the organization and the guarantor do not constitute an agreement. Guarantors must pay at least 10.0% of their total obligation or \$20.00, whichever is greater, each month and must contact Gifford in order to establish a payment arrangement. The organization will extend payments arrangements, interest free, in accord with its ability to offer such credit arrangements. The arrangements may change if the amount of the guarantor's obligation changes. Guarantors must contact Gifford to negotiate a new arrangement if their obligation to the organization increases. Either the Vice President of Finance or the Director of Patient Financial Services must approve monthly payment arrangements of less than 10.0% of the total balance monthly. Gifford staff must document arrangements and contacts in the computer. If a scheduled payment is more than five (5) days late or less than the agreed upon amount, the arrangement may be considered to be in default and the guarantor is eligible for further collection action.

If the guarantor wishes to establish a payment arrangement of greater than ten (10) months, a Financial Interview Form may be required to be completed by the guarantor. If this completed form indicates that the guarantor's ability to pay is not adequate to resolve the obligation within ten (10) months, the Vice President of Finance or the Director of Patient Financial Services may approve a longer payment plan. Temporary arrangements of amounts less than 10.0% per month may be approved if circumstances justify such action. These arrangements are at the discretion of the Vice President of Finance or the Director of Patient Financial Services. Staff may approve these temporary arrangements for a period of no greater than three (3) months if the guarantor will be increasing the monthly payment amount to 10.0% or better for month four and beyond. Continuation of temporary arrangements is subject to review after the third month.

The statement cycle may be re-aged to accommodate certain circumstances for cooperative guarantors. Statements are still required to be sent on a monthly basis.

Third party liability and litigation accounts are to be considered as the guarantor's responsibility. Guarantors will be billed and the accounts moved to bad debt if no written guarantee is received from the guarantor or third party, no arrangements are made, no letter of protection is received from the guarantor's attorney, or payment in full is not received. Gifford reserves its right and responsibility to report third party liability to primary medical insurance carriers. Gifford may utilize its collection attorney to secure its interests in any settlement. Gifford shall file liens for automobile accidents to secure its interests as allowed by law.

Attachable assets may be attached via liens to secure the Gifford's interests for all self-pay balances. This will be facilitated through our corporate attorney. Payment arrangements will be considered on any secured debt.



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Accounts will be referred to bad debt if the guarantor is uncooperative, the organization's interests are unsecured and in danger of being lost, acceptable arrangements not been made, arrangement are in default, or if the debtor cannot be reached by mail or telephone. Accounts eligible for bad debt with balances that are less than \$1,000.00 may be assigned to bad debt by staff, without management approval. The Director of Patient Financial Services or the Vice President of Finance must approve accounts with balances from \$1,000.01 to \$10,000.00 for bad debt assignment. The Vice President of Finance must approve accounts greater than \$10,000.00. The categories for write off are as follows:

Collection Agency for Bad Debt

Collection Attorney for Bad Debt

Long Term payment Arrangements

Uncollectible Accounts – Bankrupt, Decreased-no estate/assets, Un-billable

Settlement on obligations will be considered on an individual basis. The guarantor's circumstances, the organization's debt, the likeliness of receiving full payment, and other concerns will be considered. The Manager of Patient Financial Services is responsible for negotiating and approving all offers up to \$5,000.00 in loss. The Vice President of Finance will approve all losses in excess of \$5,000.00.

Key Words: Collections, credit arrangements, guarantor

All Staff (non-providers): A policy is intended to clarify expected practice and commit the organization/staff to a specific course of action. Any temporary requests or decisions to modify an expected course of action as outlined in a policy must be approved by Senior Management or the Administrator-on-Call.

Providers: Not all patient situations will fit the policy as written. Patient care is individualized based on professional judgment and a patient's condition may require a change in the care provided. Deviation from the written, adopted policy should be clearly documented in the patient's medical record along with the rationale for such deviation.

Standard or Statute:	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> CAH Standard <input type="checkbox"/> NH Standard <input type="checkbox"/> FQHC	<input type="checkbox"/> Labor Statute <input type="checkbox"/> VT State Statute <input type="checkbox"/> Compliance/HIPAA <input type="checkbox"/> Other	Standard or Statute Details:	
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