

DATE: July 1989
REVIEWED: June 1985, April 1997, May 2000, April 2003, April 2006, April 2009, November 2011, April 2015
REVISED: April 1980, July 1982, June 1994, May 2016

ADM. POLICY NO.: 480-06
DEPT. POLICY NO.:
FIN/COLLECTION 400-01

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- I. SUBJECT: Aging and Collecting Doubtful Accounts (Bad Debt)
- II. POLICY: Doubtful accounts should be aged on a continuing basis and efforts implemented to collect such accounts.
- III. PURPOSE: To improve cash flow and receive reimbursement for services rendered.
- IV. PROCEDURE:
 - A. At the close of each monthly accounting period, all patients' accounts will be aged to determine whether they are a doubtful account.
 - B. Upon preparation of monthly patient statements, all inactive patient accounts that are 90 days or older will be identified as a potential doubtful account.
 - C. Patients will receive a series of three statements on self-pay balances. The statements will inform the patient that the balance is due from them and that the account should be paid in full or a contractual agreement concluded within 30 days listing the contractual payments agreed upon with Taylor Regional's Patient Account Team to avoid further collection activity.
 - D. If arrangements have not been made for payment at the end of the 90-day billing cycle, the account will be forwarded to the Patient Account Team for further collection activity.
 - E. The Patient Account Team will prepare a final statement indicating that the account should be paid in full or proper arrangements made by a specified date to avoid the placement of the account with the collection agency.
 - F. If arrangements have not been made by that date (at least 120 days from the first post discharge statement) the account will be prepared for placement with a collection agency in the following manner:

1. The balance of the patient account is greater than \$500.00:
 - The Patient Account Specialist will make a final attempt to contact the patient by telephone. The patient will be encouraged to pay the account in full or make suitable arrangements by a specified date to avoid the placement of the account with a collection agency. If arrangements are not made by the specified date, the account is placed with the collection agency for collection and possible legal action.
2. The balance of the patient account is less than \$500.00:
 - Taylor Regional's financial Assistance Policy is discussed with the patient at the time of admission. A further attempt may be made to contact the patient or guarantor by telephone. If arrangements are not made, the account will be placed with the collection agency for collection and possible legal action.
3. The Patient Account Specialist will then prepare an electronic file for the collection agency that will provide the information needed to collect on the account. Such information will include the following:
 1. Patient Name/Guarantor Name
 2. Patient /Guarantor Social Security Number
 3. Address
 4. Telephone Number
 5. Patient and Guarantor place of employment
 6. Account number, account balance, and date of service
 7. Emergency contact name and phone number
4. When the electronic file is prepared, it will be forwarded to the Business Office Director for review. The Business Office Director will decide if reasonable effort have been made to determine if the patient is eligible for assistance for the care under Taylor Regional's Financial Assistance Policy or if additional information is needed before placement with a collection agency. If an incomplete application for financial assistance was submitted, the Business Office Director will make sure that an effort was made to notify the patient as to how to complete the FAP application and a reasonable opportunity was given to complete the application. Upon approval, the electronic file will be forwarded to the collection agency.

- G. Patients who contact a collector after this hand-off will be encouraged to apply for financial assistance up to 240 days from their first post discharge statement by both Taylor Regional Hospital and the contracted collection agency.
- H. The following extraordinary collection actions may be deemed necessary to collect the account:
 - The collection agency will report accounts placed with them to a consumer credit reporting agency 120 days after the date of referral to the agency.
 - Furthermore, the agency may also take legal action including:
 - wage garnishments and/or
 - property liens.