

DATE: December 1, 2011
REVIEWED:
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DEPT POLICY NO: PB-013
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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 our 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 could be identified as a potential doubtful account.
 - C. Patients will receive a series of three statements on self-pay balances. This includes patient balances after insurance. 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 arranged with Taylor Regional Physician Billing staff to avoid further collection activity.
 - D. If arrangements have not been made for payment within 30 days from the date of the third statement, the account will be reviewed by the biller for further collection activity.
 - E. The biller 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 date of the first 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 biller 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 Medical Group's financial Assistance Policy is discussed with the patient at front desk registration. 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.

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3. The biller 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:
 - a. Patient Name/Guarantor Name
 - b. Patient/Guarantor Social Security Number
 - c. Address
 - d. Telephone Number
 - e. Patient and Guarantor place of employment
 - f. Account number, account balance and date of service
4. When the electronic file is prepared, it will be forwarded to the Physician Billing Office Coordinator for review. The Physician Billing Office Coordinator will decide if reasonable efforts 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 Physician Billing Office Coordinator 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. Amounts \$5 and under can be written off as a small balance.

Balances \$15 and under can be written off as AR revenue with a notation on the account that is bad debt but nothing \$15 and under is turned to an outside collection agency. No approval is needed

for

these write offs.

- G. Patients who contact a collector after this hand-off will be encouraged to apply for financial assistance up to 240 days from their statement (per date of service) by both the physician billing office 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.