OAKBEND MEDICAL CENTER

POLICIES AND PROCEDURES

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SUBJECT:	Collections Policy
Revision Date:	June 23, 2018

POLICY PURPOSE:

This Policy establishes reasonable procedures regarding the collection of patient accounts, including actions that may be taken by OBMC ("OBMC") or contracted external collection agencies.

I. SCOPE:

This policy applies to all state-licensed 501(c)(3) hospital facilities operated by OBMC covered by the OakBend Medical Center Financial Assistance Policy ("FAP"), which includes:

OakBend Medical Center – Jackson Street
OakBend Medical Center – Williams Way
OakBend Medical Center – Wharton
OakBend Surgical Hospital – Sugar Land

OakBend Medical Center operates outpatient imaging centers, physical therapy clinics, ambulatory surgery centers and emergency centers as provider-based, outpatient departments for the above listed hospitals, and they are covered under this policy.

II. POLICY STATEMENT:

1. It is the policy of OBMC and affiliated entities that fall under the FAP to pursue collection of patient balances from patients who have the ability to pay for services. This policy describes the actions OBMC may take to collect hospital and/or other

charges for services provided to OBMC patients. The policy also describes the process and timeframes associated with those collection activities, the actions OBMC may take in the event of nonpayment, and the reasonable efforts OBMC must take to determine if a patient is eligible for Financial Assistance.

2. This policy defines how OBMC communicates to patients regarding amounts due for services rendered by OBMC.

3. OBMC will make reasonable efforts to identify patients who may be eligible for Financial Assistance.

4. This policy also defines circumstances in which OBMC may write off patient accounts to bad debt and the process to control and monitor write-offs of patient account balances.

5. OBMC will not engage in Extraordinary Collection Actions as outlined in Section 501(r) of the Internal Revenue Code and its accompanying regulations.

6. The policies and procedures stated herein are intended to comply with the laws and regulations of the state of Texas, Section 501(r) of the Internal Revenue Code, and related guidance.

7. Final authority to determine whether OBMC has made reasonable efforts to determine eligibility for Financial Assistance resides with OBMC.

III. TERMS AND DEFINITIONS:

1. *Application*: An Application for Financial Assistance to be completed by a patient.

2. *Bad Debt Write-off*: An adjustment to a patient account for amounts deemed to be uncollectible, but the patient has not indicated an inability to pay the outstanding balance. This determination is based using established collection criteria and is made only after an account has been billed and appropriate collection follow-up efforts have been taken.

3. *Contractual Adjustment***:** An adjustment posted to a patient account to reflect the difference between the patient's total charges at established rates and the actual

reimbursement expected from third party payers pursuant to lawful regulations or contractual arrangements.

4. *Extraordinary Collection Actions ("ECAs")*: These are collection actions requiring a legal or judicial process, and can also involve other activities such as selling debt to another party or reporting adverse information to credit agencies or bureaus. OBMC does not engage in ECAs, nor does it permit its collection vendors to engage in ECAs.

5. *Financial Assistance*: Financial Assistance means assistance offered by OBMC to patients who meet certain financial and other eligibility criteria as defined in the FAP to help them obtain the financial resources necessary to pay for emergent or medically necessary health care services provided by OBMC. Eligible patients may include uninsured patients, low income patients, and those patients who have partial coverage but who are unable to pay some or all of the remainder of their medical bills. Financial assistance does not include contractual allowances with insurance companies and other third party health coverage.

6. *Plain Language Summary ("PLS")*: A plain summary of the FAP includes: (a) a brief description of the eligibility requirements and assistance offered; (b) a listing of the website and physical locations where Financial Assistance applications may be obtained; (c) instructions on how to obtain a free paper copy of the FAP; (d) contact information for assistance with the application process; (e) availability of language translations of the FAP and related documents; and (f) a statement confirming that patients who are determined to be eligible for Financial Assistance will be charged no more than amounts generally billed for emergency or medically necessary services.

7. *Reasonable Efforts*: OBMC will make reasonable efforts to provide notification to the patient about OBMC's FAP. In addition, OBMC will take the following steps to inform patients about OBMC's FAP:

    a. *Incomplete Applications*: If the patient and/or family submit an incomplete application, then OBMC will provide a written notification that describes what additional information or documentation is needed.

    b. *Completed Applications*: If the patient and/or patient's family member submits a complete Financial Assistance application, OBMC will provide written notification that documents a determination on whether a patient is eligible for Financial Assistance in a timely matter and notifies the patient in writing of the determination (including, if applicable, the assistance for which the patient is eligible) and the basis for this determination. This notification will also include the Financial Assistance percentage amount

(for approved applications) or reason(s) for denial, and expected payment from the patient and/or family where applicable. The patient and/or family will continue to receive statements during the evaluation of a completed application.

c. *Patient Statements*: OBMC will send a series of statements describing the patient's account and amount due. Patient statements will include a request that the patient is responsible to inform OBMC of any available health insurance coverage, a notice of OBMC's FAP, a telephone number to request Financial Assistance, and the address where FAP documents can be sent.

d. *OBMC Website*: OBMC's websites will post notice in a prominent place that Financial Assistance is available, with an explanation of the Financial Assistance application process. OBMC will post the FAP, plain language summary, Financial Assistance application, and Billing and Collections Policy on the OBMC website. OBMC will have free paper copies of these documents available upon request in the emergency department and registration areas.

IV. REVIEW CRITERIA:

1. *Communications with Patient*: Early in the revenue cycle process, patients shall receive written or verbal communications regarding their outstanding balance, as well as OBMC's payment expectations. All communications with the patient will include a notice about the availability of the FAP, a telephone number to call for additional information, and the website address where copies of the FAP and related documents can be obtained.

    a. Uninsured patients are expected to cooperate with OBMC in its efforts to identify funding sources through federal and state programs to cover their health care expenses. Uninsured patients will receive a monthly statement which describes the FAP and their outstanding balance for up to 120 days post the service date. If a patient fails to enter into a payment plan or resolve their outstanding balance OBMC will evaluate placement of the account with a third party collection agency.

    b. Insured patients are expected to cooperate with OBMC in its efforts to receive payments from the patient's insurance carrier. A patient should also understand that when OBMC bills the patient's insurance carrier it is a courtesy and does not remove the patient's financial responsibility to make payment for services provided by OBMC. Therefore, at times OBMC will

require that a patient get involved with their insurance carrier to resolve payment delays or resolve other administrative matters preventing payment for service. Once OBMC receives payment for services and appropriate contractual adjustments have been applied to the account the patient will receive a monthly statement which describes the FAP and their outstanding balance for up to 120 days following the insurance carrier's payment. If a patient fails to enter into a payment plan or resolve their outstanding balance OBMC will evaluate placement of the account with a third party collection agency.

2. *Financial Assistance*: It is the practice of OBMC to assist patients in securing reimbursement from available third party resources. Financial counseling will be provided to help patients identify available federal or state healthcare coverage programs which may be available to them, as well as to determine eligibility under the FAP. Collection activity will be placed on hold pending the outcome of these determinations, but patient statements will continue to be sent. For Financial Assistance through OBMC, the criteria used in calculating the amount of the discount, the measures OBMC will take to widely publicize the FAP within the community served by OBMC, the process used by OBMC to determine Financial Assistance eligibility, and the application process are described in detail in the **OBMC Financial Assistance Policy.**

3. *Payment Plans*: OBMC offers interest-free, extended payment plans to patients who anticipate difficulty in paying their bill. Patients will be required to make at least a monthly payment to maintain an active payment plan. If a patient fails to make a scheduled payment the patient will be considered delinquent on their promise to pay their outstanding account balance. Reasonable effort will be made to reestablish the patient payment plan following the first delinquent payment. If a patient fails to reestablish a payment plan and/or becomes delinquent for a second time OBMC may place the account with a third party collection agency. Once placed with a third party collection agency the patient will be required to work directly with the third party agency to resolve their outstanding balance. The patient will generally not be eligible to enter into another payment plan. However, the patient may be eligible to establish a payment plan for subsequent accounts.

4. *Collection activities in Event of Non-payment:* In the event of non-payment, various collection activities will be used based on account balance, third party payer reimbursement liability, patient's eligibility for governmental funding or Financial Assistance, patient cooperation, payment or bad debt history, and/or inability to

locate the patient. Collection activities may include appeal of a third party payer denial; follow-up communications with the third party payer; statements, letters, and telephone calls to the patient offering Financial Assistance and/or requesting payment; and final notification to the patient or guarantor that the account is delinquent and subject to being placed with a collection agency no earlier than 120 days from the date of the first statement notifying the patient of the patient balance owed. Legal action may also be initiated by OBMC against a third party responsible (third party liability) for delinquent payment of the account.

5. *Bad debt*: Accounts may be written off to bad debt only after the account has been final billed to available third party payer(s) and to the patient/guarantor, established billing and follow-up communications have occurred, reasonable efforts have been made to inform the patient of the availability of Financial Assistance, payment timeframes have expired, and the account has been determined to be uncollectible.

6. *External Collection Actions*: To ensure that only appropriate accounts are written off to bad debt, and only after billing and collection efforts have been taken, including appropriate referral to an external firm for collection, the Customer Service team will review bad debt write-offs for approval. Utilizing established collection criteria, the Business Office Manager or Director can either approve the write-off or recommend appropriate action to the Chief Financial Officer. Accounts may also be transferred automatically to an external firm for collection by the patient accounting system, based on established activity parameters.

7. *Implementation*: It is the responsibility of the OBMC Business Office to implement this policy and develop department specific operating procedures.