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Owner Jeffrey Logan:
 GVP Rev Cycle-
 Patient and
 Market
 Experience
 Policy Area Revenue Cycle
 Applicability Providence St.
 Joseph Health
 Systemwide +
 PGC

PSJH-RCS-1603 Patient Bad Debt Assignments

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| Executive Sponsor: | Gregory Hoffman, Chief Financial Officer |
| Policy Owner: | Jeffrey Logan, GVP RC Patient & Mkt Exp |
| Contact Person: | Jeffrey Logan, GVP RC Patient & Mkt Exp |

Scope:

This policy applies to patient liabilities where internal collection efforts have not resulted in full payment according to the established timeframe and processes. This policy applies to Providence and its Affiliates[i] that provide healthcare services and their employees (collectively known as "Providence"). This policy does not apply to Providence Health Plan (PHP)[ii] or U.S. Family Health Plan (USFHP).

Yes No Is this policy applicable to Providence Global Center (PGC) caregivers?

This is a management level policy reviewed and recommended by the Policy Advisory Committee (PAC) to consider for approval by senior leadership which includes vetting by Executive Council with final approval by the President, Chief Executive Officer, or appropriate delegate.

Purpose:

Providence (PSJH) is a not-for-profit healthcare organization guided by a commitment to its Mission of serving all, especially those who are poor and vulnerable, by its Core Values of compassion, dignity, justice, excellence and integrity, and by the belief that health is a human right. The purpose of this policy is:

- A. To ensure compliance by PSJH and any contracted entities for bad debt collections with regulatory requirements including Medicaid and Medicare state and federal regulations as well as Internal Revenue Code 501(r).
- B. To assure PSJH makes reasonable efforts to make the patient aware of financial assistance before assigning an account to bad debt.
- C. To assure PSJH makes reasonable efforts to screen the patient for financial assistance eligibility prior to assigning an account to bad debt.

Definitions:

For the purposes of this policy the following definitions and requirements apply:

- A. **FAP (Financial Assistance Policy)** is PSJH's Charity Care/Financial Assistance Policy, as supplemented and clarified by state and regional Financial Assistance (Charity Care) Policies, providing free or discounted services for eligible patients in accordance with relevant regulatory requirements.
- B. **Extraordinary Collection Action (ECA's)** are defined as those actions requiring a legal or judicial process, involve selling a debt to another party or reporting adverse information to credit agencies or bureaus. The ECA's that require legal or judicial process for this purpose include a lien; foreclosure on real property; attachment or seizure of a bank account or other personal property; commencement of a civil action against an individual; actions that cause an individual's arrest; actions that cause an individual to be subject to body attachment; and wage garnishment.
- C. **Plain Language Summary** is a written statement to communicate that PSJH offers financial assistance under the FAP for inpatient and outpatient hospital services and contains the information required to be included in such a statement under the FAP.
- D. **Escalated patient complaint** is a scenario in which a patient is dissatisfied with the resolution and/or handling of their account(s) and requests to have someone at a higher level of authority resolve the complaint.

Policy:

To ensure the best possible experience relating to collection efforts for patient liabilities, PSJH has developed this policy to facilitate consistent and quality approaches for bad debt assignments. This policy shall be interpreted in a manner consistent with Internal Revenue Code 501(r), as amended. In the event of a conflict between the provisions of such laws and this policy, such laws shall control.

Requirements:

1. PSJH will not sell debt to a third party.
2. In general, an account will not be assigned to a bad debt collection agency during the screening process or while the patient's financial status or application for insurance or

financial assistance is under review or in process, or during the pendency of an appeal from a determination of charity care sponsorship status. Prior to placement of an account with a bad debt collection agency, PSJH will make reasonable efforts to inform patients, collect patient liabilities, and screen for charity eligibility in accordance with regulatory requirements and the PSJH FAP. This may include:

- a. Providing billing statements with a conspicuous written notice to inform patients about the availability of financial assistance, as well as a direct phone number and website address where applications, policies, plain language summaries, and translation services may be obtained including a statement that nonprofit counseling services may be available in the area.
- b. Assuring availability of a plain language summary of the PSJH (FAP) with at least one (1) post-discharge communication as part of the intake or discharge process.
- c. Screening the account for financial assistance in accordance with the PSJH FAP.
- d. Assuring bad debt collection agencies to which accounts may be assigned are compliant with Medicaid and Medicare state and federal regulations as well as 501(r) requirements, including being licensed as a debt collector, as may be required under state law, and that the agencies will not engage in ECAs, including but not limited to commencement of legal actions against patients.
- e. Assuring adequate encryption of Protected Health Information (PHI) for any patient information provided to a bad debt collection agency to which accounts may be assigned.
- f. Prior to assigning an account to a bad debt collections agency, sending a patient notice of certain information related to such bad debt (e.g., date(s) of service and amounts of the bill). For patients in California, such notice must include a summary of the patient's rights related to the collection activities and the name of the bad debt collection agency.

3. Requirements for bad debt collection agencies to which PSJH accounts are assigned:

- a. Accounts will stay with the primary bad debt vendor until the account is deemed uncollectible or up to three hundred and sixty-five (365) days from placement, whichever comes first. Accounts deemed uncollectible will be returned on a monthly basis, not to exceed 365 days. Accounts over 365 days, which are on an active payment plan, may remain with the agency until resolution. PSJH may choose at any time and for any reason to recall accounts and may resolve such accounts internally or place returned accounts with a secondary or tertiary bad debt placement agency.
- b. The collection agency must follow all appropriate regulations including the Fair Debt Collection Practices Act, (FDCPA)¹, the Telephone Consumer Protection Act (TCPA) 501(r) and any other applicable state or federal regulations. Specifically regarding state and federal regulations, the agency:
 - i. Must also ensure that no ECA's are taken.
 - ii. Must suspend collection efforts if notified by PSJH that the patient

submitted a FAP application after the assignment, and thereafter follow PSJH instructions regarding the account.

- iii. Must report any patient escalated complaints received on PSJH account to PSJH.
 - iv. Must not re-assign the account to another agency without PSJH's express approval.
- c. Where the bad debt collection agency identifies that the patient has filed bankruptcy, the agency must notify PSJH.
 - d. The collection agency will not sell bad debt.
 - e. The collection agency will not: (a) use or threaten to use force or violence to cause physical harm to the patient or the patient's family or property; (b) threaten arrest or criminal prosecution; (c) threaten to seize, attach, or sell a patient's property if doing so requires a court order; (d) use profane, obscene, or abusive language in communications with the patient's employer concerning the nature or existence of the debt; or (f) conceal the true purpose of the collections-related communication.
4. The collection agency must agree to return, and PSJH will accept, any account in which the balance has been determined to be incorrect due to the availability of a third-party payer, or the patient is eligible for charity care or financial assistance. In the event that a patient has paid on an account and is subsequently found to have met financial assistance criteria, PSJH will refund appropriate amounts to the patient or responsible party in accordance with any applicable state law.
5. Neither PSJH nor any collection agency will:
- a. Charge interest on the patient's medical debt.
 - b. Attempt to collect a medical debt from a patient's child or other family member who is not financially responsible for the debt, if prohibited by state law.

References:

Internal Revenue Code Section 501(r); 26 C.F.R. 1.501(r) (1) – 1.501(r) (7)
42 C.F.R. 482.55
47 U.S.C. §227 (TCPA)
PROV-FIN-519 Discounts for Health Services
PROV-FIN-520 Medicare Bad Debts
PSJH-MISS-100 Charity Care-Financial Assistance
State and Regional Financial Assistance (Charity Care) Policies

Attachments:

None

Applicability

[¹] For purposes of this policy, "Affiliates" is defined as any not-for-profit or non-profit entity that is wholly owned or controlled by Providence St. Joseph Health (PSJH), Providence Health & Services, St. Joseph Health System, Western HealthConnect, Kadlec, Covenant Health Network, Grace Health System, Providence Global Center*, NorCal HealthConnect, or is a not-for-profit or

non-profit entity majority owned or controlled by PSJH or its Affiliates and bears the Providence, Swedish Health Services, St. Joseph Health, Covenant Health, Grace Health System, Kadlec, or Pacific Medical Centers names (includes Medical Groups, Home and Community Care, etc.).
 *Policies and/or procedures may vary for our international affiliates due to regulatory differences.
 [2] For purposes of this policy, "Health Plan" is defined as Providence Health Plan, Providence Plan Partners, Providence Health Assurance, Ayin Health Solutions, Inc, and Performance Health Technologies, Ltd.

Approval Signatures

| Step Description | Approver | Date |
|--------------------------------|--|---------|
| PSJH President/CEO | Cynthia Johnston: Senior Compliance Specialist | 02/2023 |
| PSJH Executive Council | Cynthia Johnston: Senior Compliance Specialist | 02/2023 |
| PSJH Policy Advisory Committee | Cynthia Johnston: Senior Compliance Specialist | 02/2023 |