
 A Proud Affiliate of 	Department: Patient Financial Services	Policy Title: Bad-Debt Collection Agency Referrals
	Submitted by: Patient Financial Service Manager	Policy Number: 8520.011

Policy Statement:

Bad-debt collection agency referrals are necessary part of the Revenue Cycle at Garrett Regional Medical Center due to the unwillingness of some patients to make payments on their accounts in a timely manner, or at times, fail to pay on their accounts at all. GRMC payment policy dictates payment in full within 60 days of the date of service unless other arrangements are made.

Objective:

To establish guidelines for bad-debt collection agency referral.

Guidelines:

Active patient accounts are considered bad debt when they are reviewed by the Patient Financial Services (PFS) Representative and deemed uncollectible per department policy. Once the bad-debt determination has been made and verified by the PFS Director (when necessary), the account will be transferred to the appropriate bad-debt collection agency. The bad-debt Collection Agency will assume all responsibility for collection and monitoring of the account once it is placed with their company.

An account is considered uncollectible when it meets the following criteria:

- Responsible party has not attempted to contact Patient Financial Services
- Responsible party has not (A) made payment arrangements, (B) applied for the Caring Program, or (C) furnished the requested financial information.
- Responsible party has made payment arrangements, but failed to comply wit the payment terms and arrangement.

If the guarantor’s account balance is **under \$2,500.00**, the collection responsibility of the accounts is transferred to the appropriate bad-debt collection agency as soon as the account reaches 120 days of age and meets the above criteria.

If the guarantor’s account balance is between **\$2,500.00 and \$5,000.00**, the responsible party is mailed a certified collection letter requesting payment in full within ten (10) business days to prevent the pursuit of additional collection action. The availability of the Caring Program is noted on this letter. If, within ten (10) days, the account is not paid in full, satisfactory payment arrangements made, or Caring Program applications is not completed, the collection responsibility of the account is transferred to the appropriate bad-debt collection agency. All collection activity will be documented on the individual account in Meditech.

If the guarantor's account balance is **\$5,000.00 or higher**, the responsible party is mailed a certified collection letter requesting payment in full within ten (10) business days to prevent the pursuit of additional collection action. Again, the availability of the financial assistance through the Caring Program is noted on the letter. If within ten (10) days the account is not paid in full, satisfactory payment arrangements made, or Caring Program applications is not completed, the collection responsibility of the account is forwarded to the Department Director for signed authorization to send it to the bad-debt collection agency.

If any individual's itemized or monthly statement is returned to GRMC due to an inaccurate address, the account will be forwarded to the collection agency immediately after the following step are taken by the PFS department:

- A thorough review of the patient other accounts in the computer system to locate the correct address.
- Telephone contact attempted with the patient or responsible party to ask for correct information.
- Verification of address/contact information through telephone books and internet.
- Documentation in Meditech of all the steps taken that have been unsuccessful in obtaining updated information.

Transferring the account to the bad-debt agency:

- Transfers to the appropriate bad-debt collection agency should be performed weekly by the Reimbursement Specialists and transmitted to the bad-debt collection agency on a weekly basis.
- Notification of payments received by GRMC for accounts already placed with bad-debt collection agency will be sent to the appropriate agency on a weekly basis.
- All customer inquiries relating to the balance on accounts already placed with bad-debt collection agency will be referred to the appropriate agency.

All interactions with ANY collection agency will comply with HIPPA regulation. HIPPA compliance for the bad-debt collection agency is responsibility of GRMC. The bad-debt agency is referred to as a "business partner," and GRMC is a covered entity. As such, GRMC must position itself as harmless through effective contracting with its bad-debt collection agencies.