



Policy and/or Procedure:

Bad Debt Collection

Effective Date: June 2008

Policy:

When all feasible collection efforts have been exhausted on an account and it has been determined that the balance is uncollectible, the account should be identified as a bad debt account. A bad debt account is an uncollectible account resulting from the extension of credit. Such payment defaults or bad debts may result from the following: non-payment of agreed upon payment arrangements, patients that cannot be contacted for payment, patients or insurance companies file for bankruptcy and lack sufficient assets to make payment, insolvent estates, and guarantors who refuse to pay.

Procedure:

1. The Patient Accounts Department will issue three statements over the 120 day period.
 - a. If a payment is received on the account the statement count will start back over at one.
2. If no payment has been received from the patient 120 days from the last payment made, the account will be transferred to bad debt.
 - a. Accounts returned from the collection agency as uncollectible will be written-off as a bad debt adjustment.
3. If any of the statements are returned d/t insufficient address or other reasons the hospital will try to contact the patient to obtain an updated address.
 - a. If a valid address cannot be obtained after reasonable efforts were made the account may be deemed uncollectible and will be transferred to bad debt.
4. If the patient is deceased the hospital will request a death certificate and make an attempt to contact the patient's family for estate reimbursement.
 - a. If a death certificate or payment from the patients family and/or estate cannot be obtained after reasonable efforts were made the account may be deemed uncollectible and will be transferred to bad debt.



Policy and/or Procedure:

Medicare Bad Debt

Effective Date: June 2008

Policy:

When all feasible collection efforts have been exhausted on an account and it has been determined that the balance is uncollectible, the account should be identified as a bad debt account. A bad debt account is an uncollectible account resulting from the extension of credit. Such payment defaults or bad debts may result from the following: non-payment of agreed upon payment arrangements, patients that cannot be contacted for payment, patients or insurance companies file for bankruptcy and lack sufficient assets to make payment, insolvent estates, and guarantors who refuse to pay.

Per Medicare Regulations the following currently apply:

1. The debt must be related to covered services and derived from the deductible, coinsurance and co-pay.
2. Hospital must be able to establish that reasonable collection efforts were made.
3. The debt was actually uncollectible when claimed as worthless.
4. Sound business judgment established that there was no likelihood of recovery at any time in the future.
5. Medicare collection efforts must reflect the same efforts put forth for other payers.

Procedure:

1. The Patient Accounts Department will issue three statements over the 120 day period.
 - a. If a payment is received on the account the statement count will start back over at one.
2. If no payment has been received from the patient 120 days from the last payment made, the account will be transferred to Medicare Bad Debt.
 - a. Accounts returned from the collection agency as uncollectible will be written-off as Medicare Bad Debt and claimed on the cost report.
3. If any of the statements are returned d/t insufficient address or other reasons the hospital will try to contact the patient to obtain an updated address.
 - a. If a valid address cannot be obtained after reasonable efforts were made the account may be deemed uncollectible and claimed as bad debt on the cost report.
4. If the patient is deceased the hospital will request a death certificate and make an attempt to contact the patient's family for estate reimbursement.
 - a. If a death certificate or payment from the patients family and/or estate cannot be obtained after reasonable efforts were made the account may be deemed uncollectible and claimed as bad debt on the cost report.