

DEPARTMENT: Patient Accounting

POLICY: PA-220

SUBJECT: Self-Pay Collection

PURPOSE:

The hospital has a moral responsibility to the community to render care to all persons, including those unable to pay. In order to serve the community, the hospital must collect the funds needed for operating expenses from those who are able to pay. The purpose of this policy is to provide guidelines for the collection of self-pay balances.

RESPONSIBILITY:

- The Director of Patient Accounting is responsible for managing the policy
- The Patient Financial Representative and Financial Counselor are responsible for instituting it.
 - Circumstances requiring individual consideration will occur, and exceptions may be made at the discretion of Financial Counselor, Director of Patient Accounting, or Administration.

DEFINITIONS:

1. A self-pay account is defined as one that is not covered by any medical insurance or other indemnity, in whole or in part (co-payment, co-insurance, deductible, spend down, etc.), and for which the patient or guarantor is liable for payment.
2. When the term “Patient” is used in the policies and procedures, it means the patient, the patient’s immediate family, or the persons responsible for the payment of the patient’s bill.

POLICY:

1. This policy is applicable to all patients receiving services at FMDH who are considered self-pay (as defined above) and are judged to be able to pay.
 - a. FMDH will use a standardized intensity and a time frame of no more than one hundred twenty (120) days from the date that the account is placed in a self-pay status for completing the in-house collection process.
 - i. Exception: FMDH has the prerogative to modify the standard collection cycle based on case-specific circumstances; for example, to expedite the cycle in cases of undelivered/refused mail or slow the cycle if the patient is making a good faith effort and has provided insurance and/or other necessary information.
2. If the third party payer is delaying payment, the Patient Account Representatives may drop the balance to self pay and the Patient Financial Representative will begin collection procedure.

3. The hospital will bill to one primary address when the bill concerns a divorced couple's responsibility for a dependent child's medical bill. If the responsible party who is designated at the time of admission fails to pay according to our self pay collection policy, the other parent will be billed provided we have secured a valid address. If that parent does not pay, the account will be referred to a collection agency and they will proceed to collect from either parent. Both parents are liable per Montana Code Annotated, 40-6-211 and 40-6-215.
4. If a minor states that they are "**emancipated**" they must have the intentions and the means to pay their medical bills themselves.
5. **Medicare bad debts** cannot be written off in less than 120 days past the date of first billing (the first bill sent to the beneficiary after Medicare payment), unless the write off is due to the indigence or categorical indigence of the beneficiary (Financial Assistance). Since Frances Mahon Deaconess Hospital is a CAH (Critical Access Hospital) a Medicare Bad Debt log is prepared as part of the Cost Report. Physician professional component deductible and coinsurance amounts or charges related to non-covered services are not to be included in the amounts written off as a Medicare bad debt. Only unpaid Medicare deductible and coinsurance amounts are to be included in the amounts reported as Medicare bad debts. An account is not considered a bad debt as long as regular payments are being made on the account, even though the account is greater than 120 days old. The account is not considered bad debt until a period of 120 days has passed since the last payment on the account. Recoveries to Medicare patient accounts previously written off should be applied to the currently claimed Medicare bad debts.

PAYMENT SCHEDULE FOR ACCOUNTS:

1. The following payment schedule is applicable to any account at Frances Mahon Deaconess Hospital:
 - a. Equal monthly payments that will result in reducing the balance to \$0 over a period of 12 months, with a \$25 minimum payment per month.
 - b. Any amount over \$300 is eligible for an Extended Payment Plan with an approved Financial Assistance Application. Extended Payment Plans are given for 18-24 months, with equal monthly payments required that will result in reducing the balance to \$0 by the end of the Payment Plan term. At the discretion of the Financial Counselor, Extended Payment Plans may be extended beyond 24 months, with equal monthly payments required that will result in reducing the balance to \$0 by the end of the Payment Plan term.

REVIEW AND REVISION STATEMENT:

- To be reviewed at least every 2 years or as needed by Director of Patient Accounting, Financial Counselor, Director of Financial Services and CEO. Final responsibility is with Director of Patient Accounting.

