

Eastern Connecticut Health Network

Policies & Procedures

SUBJECT: Bad Debt –
Collections/Write-Offs

EFFECTIVE DATE: 10/04

POLICY #: 4005

LAST REVISED: 4/19/10

STATEMENT OF POLICY:

ECHN considers a “bad debt” to be an account where services were rendered for which payment was anticipated. Bad debt is recorded and separate from Charity Care. Charity Care will be recorded for accounts for services rendered in which no payment is expected. Accounts with a patient liability for which payment can not be obtained after reasonable follow-up efforts have been exhausted (set by hospital policy and in conjunction with federal, state or payor specific regulations), will be transferred to bad debt status and written off the accounts receivable. These accounts shall further be referred to an outside collection agency, or in selected instances, attorneys, for additional collection activities. The goal is to ensure that accounts with outstanding patient balances beyond 120 days are written off to bad debt. Accounts are considered bad debt once reviewed by the Pre-Collections Unit, Patient Advisory Liaison or Department Management as uncollectable.

PURPOSE:

To ensure that bad debt accounts are appropriately identified and consistently processed within the guidelines of the hospital’s credit and collection policy.

PROCEDURE:

*Responsible
Party*

Guidelines/Action Steps:

Self Pay
Follow-Up
Representative

1. Review accounts assigned on worklist on a daily basis.
2. Determine that account meets the following criteria:
 - * The account has aged 120 days from the date the balance became the responsibility of the patient or responsible party without full payment.
 - * No consistent self pay payments have been posted or payment plan established.
 - * No response from the patient in the previous 120 days despite at least two contacts with the patient.
 - * Guarantor has received at least four statements.
 - * The Third party carrier has denied in writing the responsibility for any payment towards the account and the collector has documented patient refusal for payment or financing where applicable.
 - * Guarantor has defaulted on an agreed to payment plan (for more than two consecutive months).
 - * The financial comments have been reviewed to determine if extenuating circumstances exist regarding lack of self pay payment.
 - * Account has been flagged as a "Bad Address" or "Mail Return".

Self Pay
Follow Up
Representative /
Department
Management

1. If the above criteria has been met, and at 120 days, transfer account to the "Prelist for bad debt" and prepare Bad-debt write-off request.
2. Review and work the "Prelist for bad debt" report.
3. Identify accounts that are not eligible for write-off due to established criteria, bankruptcy, or patient is deceased.
4. Document in financial comments the reason that account is not eligible for bad debt write-off.
5. Request bad debt write off according to the following guidelines:
 - * \$250 - \$2,499 Self Pay Follow Up Representative
 - * \$2,500 - \$9,999 Self Pay Manager Approval.
 - * Greater than \$10,000 Director or VP of Finance.

**Manager of
Patient
Accounts**

Self Pay

Follow Up
Representative

1. Forward approved requests to Department Management for processing the write-off
2. Identify accounts that have a payment posted within 5 days of transfer to a Collection Agency.
3. Recall account from the Collection Agency.
4. Document all activity in financial comments.
5. Key bad debt write-off.

Notice of Availability for Uncompensated Care

Eastern Connecticut Health Network, Inc. will provide assistance for those patients who fall within the guidelines below.

To be eligible to receive uncompensated care, your family must be at or below the following current guidelines.

Family Gross Income Levels

2010

**Federal
Poverty
Guidelines**

	100%	125%	150%	175%	200%	250%
% of Write Off	100%	91%	82%	73%	64%	54% 56%
Family Size						
1	10,830	13,538	16,245	18,953	21,660	27,075
2	14,570	18,213	21,855	25,498	29,140	36,425
3	18,310	22,888	27,465	32,043	36,620	45,775
4	22,050	27,563	33,075	38,588	44,100	55,125
5	25,790	32,238	38,685	45,133	51,580	64,475
6	29,530	36,913	44,295	51,678	59,060	73,825
7	33,270	41,588	49,905	58,223	66,540	83,175
8	37,010	46,263	55,515	64,768	74,020	92,525

MMH
RGH

Add \$3,740 for each additional member.

If you feel you may be eligible, you may request free services at the Patient Counseling Offices. Requests may be made prior to admission, during the stay or at time of discharge. A financial evaluation form and application will be provided for the applicant upon request. The Hospital will make a final determination of your eligibility for uncompensated services.

When Third Party coverage is available (Medicare, State, SAGA, etc) all applicable benefits must be applied first. Patient convenience items such as private room differentials are not covered.

Refusal to take reasonable actions necessary to obtain these available benefits can exclude the granting of uncompensated services.

Source – Federal Register Income Poverty Guidelines

Revised 1/25/2008

Eastern Connecticut Health Network

Policies & Procedures

SUBJECT: Charity Care Write-Offs	EFFECTIVE DATE: 3/10/04
POLICY #: CHARITY CARE	ORIGINAL ISSUE DATE: 3/10/04
DISTRIBUTION: PFS	LAST REVISED: 3/29/10

STATEMENT OF POLICY:

ECHN shall assist patients who are financially unable to pay for services rendered according to established payment guidelines and meet the defined Hospital and charity care criteria. The hospital will rely on the annually published poverty guidelines from the Federal government in determining those patients that may qualify for charity assistance. The hospital will further adhere to all State and Federal regulations regarding the identification and write-off to charity care.

PURPOSE:

To identify those patients that qualify for charitable assistance and to complete write-off procedures that are in keeping with State and Federal regulations.

The following guidelines have been established to assist in determining whether or not an individual is eligible for charity care:

- Charity Application is required every (6) six months
- If application is mailed to patient, the representative who is sending the application needs to sign their name and document on the application that it was mailed. Note must be made in Meditech.
- Application must be fully completed and signed by the patient.
- Patient's income verified by evidence of check stub, W-2, tax return, or at the discretion of Patient Accounts.

PROCEDURE:

Responsible Party

Guidelines/Action Steps:

PAL or
Follow-up
Representative

1. Identifies Self Pay patients that could potentially be eligible for State or Town Assistance.
2. Works with patients to complete Medicaid Application.
3. Follows up with patients to ensure that all requested documentation is submitted to the State.
4. Upon learning the patient is not eligible for assistance, provides Charity Care application to the patient.

Self Pay
Representative

5. Reviews accounts assigned on worklist on a daily basis.
6. Attempt to collect payment according to procedure entitled "Self Pay Follow-Up".

Charity Care
Processor

7. Determine that guarantor is unable to make payment according to established guidelines due to financial hardship.
8. Ask guarantor to complete a "Charity Care Application" to determine if an adjustment can be awarded based on poverty guidelines .
9. Provide or send application to guarantor with a return envelope.
10. Receive completed application back from guarantor.
11. Determine if patient is eligible for assistance according to published guidelines.
12. Contact patient and inform them of the application status. Send out written approval or denial on all Charity applications within 2 days.
13. Forward the approved charity assistance adjustment request to Selp Self Pay Unit for processing.
14. Is the balance in Patient balance column? If not, move the balance to the Patient balance.
15. Enter the amount to be adjusted off
16. Use the appropriate service code for write off
17. Approve, reason, signature of employee making the determination and date the application.

Charity Denials

1. If application is is over guidelines, application must be denied.

2. Reject reason, either/or, "over assets or over income". Signature of employee making the determination and date the application.
3. Denial letter must be sent to the patient.
4. Choose Charity Denial letter. Send the letter to the patient.

Patients who meet the Connecticut Department of Health and Human Resources income and resources guidelines, but who are not categorically eligible for Medicaid, will be considered medically needy and eligible for Charity Care.

Income Guidelines (2010):

Income asses:

2010

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6	29,530	36,913	44,295	51,678	59,060	73,825
7	33,270	41,588	49,905	58,223	66,540	83,175
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MMH
RGH

Assets considered:

1. Real property
2. Automobile
3. Recreational vehicles
4. Bank accounts
5. Rental property
6. Other investments

