This policy is provided as a general guide for Piedmont Healthcare. It is not all encompassing and shall not be a substitute for the use of individual clinical judgment and training based upon the circumstances of each patient.
1 Purpose

Piedmont Healthcare (PHC) recognizes the importance of maintaining sound debt collection practices while balancing the needs of the patients and communities PHC serves. This policy describes the procedures, requirements and limitations related to PHC’s internal and external collection efforts used in the event of non-payment of self-pay balances. Certain aspects of this policy are guided by PHC’s Financial Assistance Policy (FAP). In addition, this policy is to ensure that Piedmont Healthcare’s Debt Collection policy meets federal and state requirements for Extraordinary Collection Actions (ECAs) as defined by Internal Revenue Code Section 501(r) and other applicable federal and state laws.

2 Scope

This policy covers all Piedmont hospitals and employed physicians.

3 Definitions

Account – An account is created in the hospital information system to capture charges for services rendered by PHC.

Bad Debt – An account with a self-pay balance that has remained unpaid following reasonable collection efforts.

Contracted Collection Agency – A contracted vendor providing debt collection services on behalf of PHC.

Extraordinary Collection Actions (ECAs) – The following actions are considered Extraordinary Collection Actions (1) reporting a guarantor to a credit reporting agency; (2) selling a guarantor’s debt to another party; (3) placing a lien on a guarantor’s property; (4) attaching or seizing a guarantor’s bank account or any other personal property; (5) commencing a civil action against a guarantor; (6) causing a guarantor’s arrest; (7) causing a guarantor to be subject to a writ of body attachment; (8) garnishing a guarantor’s wages; and/or (9) deferring or denying, or requiring a payment before providing medically necessary care because of a guarantor’s non-payment of one or more bills for previously provided care under the FAP.

Financial Assistance Policy (FAP) – A policy setting forth PHC’s efforts to provide financial assistance to uninsured patients who may not have the financial ability to pay their medical bills. (See PHC Policy #0008)

Guarantor – The person or group that assumes payment responsibility for all or a portion of debt owed to PHC.
Placed Account – A guarantor’s bad debt account that has been placed with a contracted collection agency.

Self-Pay Balance – The portion of a guarantor’s bill that the guarantor is legally responsible for paying.

Third-Party Insurers/Payers – Any party providing payment on behalf of the patient or guarantor, to include but not limited to insurance companies, workers’ compensation, governmental plans such as Medicare and Medicaid, state/federal agency plans, victim’s assistance, or third-party liability resulting from automobile or other accidents.

4 Policy

4.1 Permitted Internal Collection Methods

Examples of collection methods Piedmont uses to collect self-pay balances from guarantors include:

- Face-to-face appointments with the guarantor
- Telephoning, mailing and/or emailing the guarantor
- Written notice to the guarantor of non-payment and amounts due via mail or electronic mail
- Skip-tracing

4.2 Prohibited Collection Methods

PHC will not use, nor permit a contracted collection agency to use, any of the following debt collection methods:

- Causing a guarantor’s arrest
- Causing a guarantor to be subject to a writ of body attachment
- Attaching or seizing guarantor’s bank account or any other personal property
- Foreclosing on a guarantor’s property
- Any debt collection activity that would interfere with the provision, without discrimination, of emergency medical care
- Any other debt collection activity prohibited by state or federal law

4.3 Limited Use of Extraordinary Collection Actions

PHC shall not undertake, nor permit a contracted collection agency to undertake, any Extraordinary Collection Actions within 240 days after the date of a guarantor’s first post-discharge billing statement or at any time against a guarantor while such guarantor’s financial
assistance application is in a pending review status. In the event that PHC or a contracted collection agency has taken an Extraordinary Collection Action against a guarantor who subsequently is determined to be eligible for assistance under the FAP, then PHC (or the contracted collection agency, as applicable) shall take measures to reverse the Extraordinary Collection Action.

4.4 **Reasonable Efforts to Determine FAP Eligibility**

Before referring a bad debt account to a contracted collection agency, PHC must ensure reasonable efforts were made to determine whether the guarantor is eligible for assistance under the FAP.

4.5 **Placement of Bad Debt Accounts**

Bad debt accounts of at least five dollars may be placed with a contracted collection agency any time after a self-pay balance remains delinquent for four (4) 30-day statement cycles.

4.6 **Suspension of Collection Efforts**

In the event a guarantor submits a FAP application in a timely manner (i.e., prior to the 240-day deadline provided for in the FAP), then PHC (or the contracted collection agency, as applicable) shall suspend any current collection activity on the bad debt account until such time as the guarantor’s eligibility under the FAP is determined.

4.7 **Permitted External Collection Methods**

Contracted collection agencies may use the following collection methods in an attempt to collect placed bad debt accounts:

- Telephoning, mailing and/or emailing the guarantor
- Skip-tracing
- Using internet based payment portals and web based chat sessions
- Initiation of civil actions in accordance with the procedures contained in this policy

4.8 **Civil Litigation to Collect Bad Debt Accounts**

PHC may authorize its contracted collection agencies to initiate civil litigation in an effort to obtain payment on bad debt accounts. Agents who are collecting accounts on PHC’s behalf are required to submit a written request for approval prior to initiating any legal action. PHC leadership will review the request and account information to ensure the legal action meets criteria determined by PHC.
Initiating legal steps is considered an extraordinary collection action. Accordingly, legal action may not be initiated under any circumstances prior to 240-days after the first post-discharge billing statement is issued. During this 240-day period, legal action must be suspended or dismissed immediately if the patient submits an application for financial assistance.

Contracted collection agencies must use the law firm of PHC’s choosing. Once a bad debt account is referred for litigation, the law firm may pursue money judgment, lien attachment to assets, and garnishment of wages.

4.9 Fair Debt Collection Practices Act Compliance

While engaging in collection efforts to obtain payment from guarantors, PHC shall comply, and shall ensure contracted collection agencies comply, with all state and federal laws and regulations related to the collection of debts including, but not limited to, the Fair Debt Collection Practices Act (FDCPA).

4.10 Collection Agency Recalls and Second Placements

Accounts at an agency may be recalled and returned to PHC at the discretion of PHC. These circumstances may include, but are not limited to:

- Accounts must be returned to PHC if the patient files a financial assistance application during the initial 240-day period following the issuance of the first post-discharge billing statement.
- Disputed services and/or balances.
- Registration issues or instances where statement/contact requirements have not been met.
- Accounts associated with risk management or legal inquiries.
- Accounts that have reached statute of limitations.

Once recalled from an agency, PHC may choose to work the accounts to resolution with the guarantor. PHC may also periodically recall transferred accounts from one agency and then choose to place those accounts with a second agency. At PHC’s discretion, recall of account(s) may be delayed or stopped when a suit filed by the agency is in process, or collection is imminent.

4.11 Accounts Deemed Uncollectible while placed with a Collection Agency

When a contracted collection agency deems an account uncollectible, the agency is required to return the account to PHC, and remove the account from the agency’s inventory. These circumstances may include, but are not limited to:
The guarantor is deceased and there is no estate or probate.

- The guarantor has filed bankruptcy.

Accounts deemed uncollectible will not be subject to any further collection efforts from PHC. These balances may be reclassified as charity using PHC’s presumptive financial eligibility tool or included in Medicare Bad Debt Logs when meeting the relevant criteria.

**4.12 Agency Contracts**

PHC will ensure compliance relating to Protected Health Information (PHI) and HIPAA requirements when transferring accounts to bad debt collection agencies. All external agencies will be required to comply with HIPAA regulations and must sign a business associate agreement.

Where applicable, contracts or agreements with outside agencies shall maintain guarantor confidentiality and comply with this policy, the Fair Debt Collection Act, Fair Credit Reporting Act, Medicare rules and regulations governing Medicare placed accounts, and all related applicable federal and state statutes.

All contracts must also agree to comply with federal and state regulations and 501(r) guidelines, including requiring outside agencies to comply with all 501(r) requirements governing ECAs at any time before 240 days after the first post-discharge billing statement is issued.

**5 Responsibilities**

Piedmont’s Revenue Cycle Leadership team is responsible for ensuring compliance with this policy. Failure to do so may result in disciplinary action up to and including termination of employment for employees, or termination of contract or services for third-party personnel, students or volunteers.

**6 Procedures**

Please see Customer Solutions Center standard operating procedures.

**7 References**

- Internal Revenue Code Section 501(r)
- Financial Assistance Policy #PHC 0008
8 Policy Owner

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