

BILLING AND COLLECTIONS POLICY AND PROCEDURE

Objective:

Major Hospital is committed to billing patients and applicable payers accurately and in a timely manner pursuant to this billing and collection policy ("Policy"). During this process, staff will provide quality customer service and timely follow-up, and all outstanding accounts will be handled in accordance with the requirements of Section 501(r) of the Internal Revenue Code and the corresponding regulations, as amended from time to time.

Policy:

The goal of this Policy is to provide clear and consistent guidelines for conducting billing and collections functions in a manner that promotes compliance, patient satisfaction, and efficiency. Through the use of billing statements, written correspondence, and phone calls, Major Hospital will make diligent efforts to inform patients of their financial responsibilities and available financial assistance options, as well as follow up with patients regarding outstanding accounts. Additionally, this Policy requires Major Hospital to make reasonable efforts to determine a patient's eligibility for financial assistance before engaging in Extraordinary Collection Actions to obtain payment.

This Policy applies to all sums due from patients for all services billed by Major Hospital. The Policy will be applied regardless of race, gender, age, sexual orientation, religious affiliation, or immigrant status.

Definitions:

The following terms are meant to be interpreted as follows within this Policy:

501(r) Requirements: The requirements of Section 501(r) of the Internal Revenue Code of 1986, as amended from time to time, and the related Treasury Regulations pertaining to financial assistance, limitations on charges, and billing and collections activities.

Extraordinary Collection Actions (ECAs): Collection activities, as defined in the 501(r) Requirements that healthcare organizations may only take against an individual to obtain payment for care after reasonable efforts have been made to determine whether the individual is eligible for financial assistance. ECAs are those activities identified under the Code Section 501(r) Requirements, which may include:

1. Selling an individual's debt to another party, unless the purchaser is subjected to certain restrictions as provided in the Code Section 501(r) Requirements.
2. Reporting adverse information about the individual to consumer credit reporting agencies or credit bureaus.
3. Deferring or denying, or requiring a payment before providing, medically necessary care because of an individual's nonpayment of one or more bills for previously provided care covered under the FAP.
4. Actions that require legal or judicial process, except for claims filed in a bankruptcy or personal injury proceeding.

Financial Assistance Policy (FAP): A separate policy that describes Major Hospital's financial assistance program. This policy includes the criteria patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance.

Procedures:

1. Insurance Billing

- For all insured patients, Major Hospital will bill applicable third-party payers (as based on information provided by or verified by the patient) in a timely manner.
- If a claim is denied or is not processed by a payer, staff will follow up with the payer and patient as appropriate to facilitate resolution of the claim. If resolution does not occur after prudent follow-up efforts, Major Hospital may bill the patient subject to the provisions below regarding ECAs.

2. Insured Patient Billing

- Major Hospital generates the first patient statement in a timely manner following receipt of the insurance payment or denial.
- Major Hospital mails at least (3) three separate statements until the balance is resolved subject to the provisions below regarding ECAs. Follow-up phone calls are also made to the account guarantor.

3. Uninsured Patient Billing

- Major Hospital sends an informational letter to Patients without insurance coverage approximately three days following the date of discharge. This mailing includes the Plain Language Summary of the FAP.
- Balances for uninsured patients are reduced by the AGB limitations described in the FAP prior to the informational letter being generated. This discount amount was calculated pursuant to the FAP utilizing the look back method described in the 501 (r) requirements.
- If the account guarantor does not make payment arrangements or apply for financial assistance within fourteen (14) days of the informational letter date, Major Hospital sends the first patient statement.
- Major Hospital mails at least three (3) separate statements and a final notice letter until the balance is resolved subject to the provisions below regarding ECAs. Follow-up phone calls will also be made to the account guarantor.

4. Miscellaneous Patient Billing

- The first patient statement includes the following pieces of information:
 - A summary of the hospital services covered by the statement.
 - The charges for each service.
 - Information on the Prompt Pay Discount.
- Each patient statement and letter includes information on the availability of financial assistance under FAP, the website address where the patient can obtain the FAP, the FAP application form, and the Plain Language Summary of the FAP, and how to contact a Patient Advocate staff member (via telephone).
- All patients may request an itemized statement for their accounts at any time.
- If the patient statement is returned as undeliverable, staff will attempt to find a better address and will resend the patient statement if applicable.
- If a patient disputes his or her account balance, staff members will research the dispute in a timely manner and will hold the account for at least thirty (30) days before referring the account to a collection agency subject to the provisions below regarding ECAs.

5. Prompt Pay Discount

- Patient balances are reduced by 20% if paid in full less the discount amount within twenty-one (21) days following the date of the first statement. The first patient statement lists information on the prompt pay discount.

6. Pre Payments

- Patients may be asked to make a payment prior to certain scheduled services provided that such requirements shall not apply if the pre-payment is an ECA unless the applicable notification procedures are utilized. Examples of these services include Sleep Studies, Labor/Delivery, Surgery, MRIs, CTs, Echocardiograms, and Pain Management Services.
- Patients unable to pay the requested pre-payment amount can apply for financial assistance.

7. Payment Plan Arrangements

- 90 Day Payment Plan – Accounts with payment arrangements where the balance is paid in full within 3 months of the first statement date are assessed no additional fees.
- Extended Payment Plan – Accounts with payment arrangements where the balance is paid in full between 4 and 18 months of the first statement date are assessed a processing fee of \$3.00 per month.
- Patient Financial Services supervisors have the authority to make exceptions to this policy on a case by case basis for special circumstances.
- Major Hospital is not required to accept patient-initiated payment arrangements and may refer accounts to a collection agency as outlined below if the patient is unwilling to make acceptable payment arrangements or has defaulted on an established payment plan.

8. Collections Practices

- If the patient and/or account guarantor does not comply with this Policy, Major Hospital may refer balances to a third party for collection. Major Hospital will maintain ownership of any debt referred to debt collection agencies, and patient accounts will be referred for collection only with the following caveats:
 - There is a reasonable basis to believe the patient owes the debt.
 - All third-party payers have been properly billed, and the remaining debt is the financial responsibility of the patient.
 - Major Hospital will not refer accounts for collection while a claim on the account is still pending payer payment. However, Major Hospital may classify certain claims as denied if such claims are pending for an unreasonable length of time despite efforts to facilitate resolution.
 - Major Hospital will not refer accounts for collection where the patient has applied for financial assistance and Major Hospital has not yet notified the patient of its determination provided the patient has complied with the timeline and information requests delineated during the application process.

9. Reasonable Efforts and Extraordinary Collection Actions (ECAs)

- Before engaging in ECAs to obtain payment for care, Major Hospital must make certain reasonable efforts to determine whether an individual is eligible for financial assistance under the FAP. The Patient Financial Services Department is responsible for ensuring that Major Hospital undertakes reasonable efforts to determine eligibility for financial assistance pursuant to the FAP and this Policy.
- **Complete FAP Applications.** In the case of a patient who submits a complete financial assistance application form, Major Hospital shall, in a timely manner, suspend any ECAs to obtain payment for the care, make an eligibility determination, and provide written notification, as provided in this Policy.
- **Presumptive Eligibility Determinations.** If a patient is presumptively determined to be eligible for less than the most generous assistance available under the FAP (for example, the determination of eligibility is based on an application form submitted with respect to prior care), Major Hospital will notify the patient of the basis for the determination and give the patient a reasonable period of time to apply for more generous assistance before initiating an ECA.
- **Notice and Process Where No Application Submitted.** Unless a complete application form is submitted or eligibility is determined under the presumptive eligibility criteria of the FAP, Major Hospital will refrain from initiating ECAs for at least 120 days from the date the first post-discharge billing statement for the care is sent to the patient. In the case of multiple episodes of care, these notification provisions may be aggregated, in which case the timeframes would be based on the most recent episode of care included in the aggregation. Before initiating one (1) or more ECA(s) to obtain payment for care from a patient who has not submitted an application form, Major Hospital shall have taken the following actions during the collection cycle:
 - Provide the patient with a written notice that indicates financial assistance is available for eligible patients, identifies the ECA(s) that are intended to be taken to obtain payment for the care, and states a deadline after which such ECA(s) may be initiated that is no earlier than thirty (30) days after the date the written notice is provided;
 - Provide the patient with a Plain Language Summary; and
 - Make a reasonable effort to orally notify the patient about the FAP and the application process.
- **Notification of Approval or Denial for Assistance.** As provided in the FAP, The Patient Financial Services department will notify the patient in writing within fourteen (14) days of the receipt of the application form as to whether the application was approved or denied. If the application was approved, the letter will include the amount of assistance approved. If the application was denied, the denial reason will be provided in this letter.
- **Incomplete FAP Applications.** For incomplete applications, patients will be provided with a list in writing of the information and/or documentation still needed to complete the application form and where to submit the missing information. Patients shall have at least thirty (30) calendar days to submit additional information. Any pending ECAs shall be suspended during this time.
- **ECAs.** After making reasonable efforts to determine financial assistance eligibility as outlined above, Major Hospital may take any of the following ECAs to obtain payment for care:
 - Report adverse information to credit reporting agencies and/or credit bureaus.
 - Garnish wages.

- **Reversal of ECA(s).** To the extent a patient is determined to be eligible for financial assistance under the FAP, Major Hospital will take all reasonably available measures to reverse any ECA taken against the patient to obtain payment for the care. Such reasonably available measures generally include, but are not limited to, measures to vacate any judgment against the patient, lift any levy or lien on the patient's property, and remove from the patient's credit report any adverse information that was reported to a consumer reporting agency or credit bureau.
- **Refunds.** As provided in the FAP, a patient can apply for financial assistance at any point in the collection cycle. However, a refund will only be allowed during the "application period." The application period begins on the date care is provided and ends on the later of the 240th day after the date the first post-discharge statement for the care is provided or either: (i) the date specified in a written notice from Major Hospital regarding its intention to initiate ECAs; or (ii) in the case of a patient who has been deemed presumptively eligible for financial assistance less than 100%, the end of the reasonable time to apply for financial assistance. Major Hospital will provide a refund for the amount a patient has paid for care that exceeds the amount the patient is determined to be personally responsible for paying under the FAP, unless such excess amount is less than \$5.00.
- **Restrictions on Deferring or Denying Care.** In a situation where Major Hospital intends to defer or deny, or require a payment before providing, medically necessary care, as defined in the FAP, because of a patient's nonpayment of one or more bills for previously provided care covered under the FAP, the patient will be provided an application form and a written notice indicating that financial assistance is available for eligible patients and stating the deadline, if any, after which Major Hospital will no longer accept and process an application submitted (or, if applicable, completed) by the patient for the previously-provided care at issue. This deadline shall be no earlier than the later of thirty (30) days after the date that the written notice is provided or 240 days after the date that the first post-discharge billing statement was provided for the previously provided care.

10. Information Regarding Financial Assistance and the Collections Process

- All patients have the opportunity to apply for financial assistance pursuant to the terms of the Major Hospital FAP.
- The Major Hospital FAP is available free of charge as described in the FAP.
- Patients can apply for financial assistance at any point in the collection cycle subject to the restrictions contained in the FAP and this Policy.
- Patients may request a copy of the Policy, the FAP, the financial assistance application form, and the Plain Language Summary by:
 - Calling Patient Financial Services at (317) 421-2012.
 - Calling Patient Advocate Services at (317)421-5717.
 - Accessing online at www.mymhp.org
 - Request in person at any patient Registration area within Major Hospital, at the Patient Financial Services department/location, or in the Major Hospital emergency room department.