

Liberty County Hospital& Nursing Home, Inc.
dba Liberty Medical Center
Administrative Manual of Policies and Procedures

SUBJECT: Payment, Billing, and Collection Policy

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Issuing Department: Business Office

Departments Forwarded to: All

Approved by: Board of Directors, CEO

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PURPOSE

Liberty Medical Center and Wheat Country Estate desire to meet the medical needs of the patients and communities they serve based on the organizational mission. Sound Payment, Billing and Collection Policies are an important and fundamental component of this mission. Liberty Medical Center maintains a policy of communicating financial responsibility prior to service with the request of payment at time of service. Liberty Medical Center is committed to providing emergency and medically necessary care to all patients without regard to race, creed, sex, national origin, disability, age, sexual orientation or ability to pay.

The purpose of this Payment, Billing, and Collection Policy is to ensure that, in connection with Liberty Medical Center's efforts to bill and collect for healthcare services rendered, all patients are treated fairly and reasonably and given sufficient opportunity to apply for financial assistance (see LMC's Financial Assistance Policy). LMC will refrain from deferring or denying emergency or medically necessary care based on ability to pay.

This policy also provides direction to staff members in their interaction with patients, guarantors, and third party payors which will aid their efforts in ensuring customer service, accelerating cash flow, reducing bad debt expense, claim denial write-offs and financial assistance.

PROCEDURE

Payment:

New Patients

LMC requests that all new patients pay for the first office visit and for ancillary services (laboratory, x-ray and physical therapy) to establish an account with Liberty Medical Center. Once payments on the account are established, the patient will be allowed to have charges billed to their account and payment arrangements will be set up accordingly.

Co-payments/Deductibles:

Many commercial health coverages as well as Medicare and Medicaid have deductibles and/or co-payments that will be the responsibility of the patient. Individual circumstances may vary and therefore each situation must be evaluated.

1. Front desk staff will be responsible to notify patients of **co-pays** due and any **outstanding balance(s)** due at time of service. Staff will follow the following guidelines in relation to co-pay, deductible, and co-insurance collections:
 - a. **Collect**
 - Commercial Insurance
 - Blue Cross Blue Shield (Not BC/BS Help)
 - Children insured on parent's policy/Grandparents (Ask whomever brings them in)
 - Self-Pay
 - b. **Do Not Collect**
 - Medicare
 - Medicaid
 - BC/BS Help
 - Workers Comp / VA / Motor Vehicle / PHS or HIS
 - Contract Physicals & drug screens
 - Patients with 2 insurances
2. LMC will refrain from deferring or denying emergent or medically necessary care based on an individual's inability to provide a form of co-payment, past payment history, or outstanding balance.

Patients with Health Coverage

Upon receipt of first statement, cash payment must be submitted within thirty (30) days. Payment arrangements can be made in person or via telephone call with the Patient Financial Services Office, Billings Office, or the Finance Office at the time of the clinic appointment, lab/x-ray appointment or within a timely manner after discharge from Liberty Medical Center.

Patients without Health Coverage

Upon receipt of first statement, cash payment must be submitted within thirty (30) days. Monthly payments are acceptable according to the following terms:

1. Bills less than \$300 are to be fully paid in six (6) months.
2. Bills greater than \$300 are to be fully paid in twelve (12) months.
3. Exceptions will only be made in cases where bills are excessively larger than a patient's ability to pay within the above time frames, and monthly payments continue to be made.

Non-Skilled Swing Bed Patients & Wheat Country Estate Residents

1. Monthly Fees are payable in advance by the tenth (10th) business day of each calendar month with the first month's rent paid prior to move in.
2. The right to occupy and to receive services at Liberty Medical Center is contingent upon the timely payment of the Monthly Fee.
3. The right to occupy and use the suite and to receive services at Wheat Country Estate is contingent upon the timely payment of the Monthly Fee.
4. Wheat County residents are responsible for the monthly basic service based on the Level of care fee even if they are away from the property for any part of the month.

LMC accepts the following forms of payment:

1. **Cash Payments** - self pay balances can be paid on date of service or prior to service and receipt given.
2. **Credit Cards** - The cards accepted are Visa, MasterCard, and Discover.
3. **Check**

Billing and Accounts Receivable:

Billing Processes

LMC's billing procedures are as follows:

1. The facility uses Healthland as their accounts receivable system. Healthland is utilized to monitor the account balances of all patients in detail.
2. Monthly billing statements are uploaded and processed by a third party vendor.
3. The contracted Accounts Receivable Management Company will print monthly Aging Analysis reports and review the patient's account status along with the Finance Office and the Reimbursement Specialist; a determination is made as to start collection proceedings based on the self-pay balance due by the patient and the delinquency status.
4. An account receivable becomes delinquent when payment is not received in accordance with the date of service and all Third Party payments/adjustments received and made.
5. The facility declares an account "Past Due" if the self-pay balance is not paid or a payment made against the balance within thirty (30) days of the due date.
6. The contracted Accounts Receivable Management Company will then begin the process of making payment agreement efforts via letters and telephone.
7. If an account is not paid or a payment agreement reached, with payments being made, within one hundred twenty (120) days following the due date, the account is considered "Delinquent". See the Accounts Receivable Management section below for more details on how account status and collection actions are determined.

Accounts Receivable Management

LMC performs the following processes for managing and monitoring aging accounts receivable:

1. 0-30 Day Accounts

- a. Self-pay account balances not collected at the point of service will be billed monthly.
- b. Third party payer claims will be filed if appropriate information is received. If information is incomplete, contact will be made with the patient to acquire the appropriate information. If such information cannot be ascertained, the account will be identified as "self-pay" and billed accordingly.

2. 31-60 Day Accounts

- a. On self-pay accounts, the contracted AR Management company and the Billing Office staff (Reimbursement Specialist) will compile a list and start to establish the next steps in the collection process.
- b. Non-Skilled Swing Bed Patients and Wheat Country Estate Residents, a phone call will be made from Liberty Medical Center stating their account is past due and will request payment.

3. 61-120 Day Accounts

- a. Self-pay accounts/balances not having made agreed-upon payment arrangements will receive a letter sent by the contracted AR Management company.
- b. If no payment arrangements are made, the contracted AR Management Company will contact the patient via telephone. Four attempts will be made (1 call per week)
- c. Non-Skilled Swing Bed Patients and Wheat Country Estate Residents, a letter from Liberty Medical Center stating additional payment arrangements will need to be made within 30 days.

4. 121-240 Day Accounts

- a. Accounts that have not made previous payment arrangements will receive a Final Notice along with Liberty Medical Center's Summary of Financial Assistance Policy from the contracted AR Management Company stating notification that account may be sent to collections.
- b. Accounts recommended by the contracted AR Management Company for collection will be reviewed by the FINANCE OFFICE and Reimbursement Specialist for final determination on whether or not the account should be sent over to the contracted Collection Agency. If necessary, the CEO will be brought in to make the final decision.
- c. Non-Skilled Swing Bed Patients and Wheat Country Estate Residents accounts that have not made previous payment arrangements, may be sent to Collection Bureau Services of Missoula, MT and individual will be given a 30 day notice to find alternative living arrangements.

5. 241-360 Day Accounts

- a. All accounts not collected or having acceptable payment arrangements will be sent to collection when all internal means of collection the account have been exhausted. Accounts being assigned to collection will be referred to the Liberty Medical Center contracted collection agency for continued collection follow-up.
- b. After accounts reach two hundred and forty-one days (241) delinquent, the contracted collection agency will perform extended collection efforts outlined in the Collection Section below.

Collections:

Extended Collection Efforts

When an account becomes delinquent, acceptable payment arrangements cannot be made or agreed upon payment schedules are not followed, Liberty Medical Center will take extended collection efforts, including the use of a third-party collection agent. Such collection actions will be subject to compliance with the provisions of this policy, its Financial Assistance Policy, and federal and state regulations.

Extraordinary Collection Actions

1. Hospital may take any and all legal actions, including Extraordinary Collection Actions (ECA), to obtain payment for healthcare services provided. Extraordinary Collection Actions include:
 - a. Placing a lien on an individual's property;
 - b. Attaching or seizing an individual's bank account or any other personal property;
 - c. Commencing a civil action against an individual;
 - d. Garnishing an individual's wages.
 - e. Reporting adverse information about the individual to consumer reporting agencies.

2. The Hospital will not engage in any ECAs, either directly or by any debt collection agency or other representative, before reasonable efforts are made to determine whether the patient is eligible for assistance under the Liberty Medical Center Financial Assistance Policy. To that end:
 - (i) The Hospital will not engage in any ECAs during the Notification Period.
 - (ii) The Hospital will publicize the availability of financial assistance through the methods specified in Liberty Medical Center's Financial Assistance Policy
 - (iii) During the Notification Period, the Hospital will provide each patient with at least three Billing Statements (although no further Billing Statements need be sent, once the patient submits a Financial Assistance Application), each of which includes a conspicuous statement regarding the availability of financial assistance, including:
 - a. A phone number for information about the Financial Assistance Policy and the application process;
 - b. A website address where the Financial Assistance Policy, Financial Assistance Application, and Plain-Language Summary are available.
 - (iv) If any patient contacts the Hospital for information regarding possible financial assistance, the Hospital will provide such patient, at no cost, with a copy of the Financial Assistance Policy, the Financial Assistance Application, and the Plain-Language Summary. In addition, the Hospital will ensure that the patient is referred to Business Office staff or designee for further explanation and assistance as needed.

3. In the event that the Hospital intends to undertake one or more ECAs, the contracted AR Management Company will mail the patient a Pre-Collection Letter at least 30 days prior to commencement of the ECA(s). The Pre-Collection Letter will include all of the following:
 - (i) A statement that the Hospital intends to initiate one or more ECAs (identifying the specific ECAs to be undertaken) to obtain payment of the balance due;
 - (ii) A date (which must be at least 30 days following the date of the Pre-Collection Letter) by which payment must be made in order to avoid the specified ECAs;
 - (iii) A conspicuous statement that financial assistance is available pursuant to the Liberty Medical Center Financial Assistance Policy; and
 - (iv) A copy of the Plain-Language Summary.

Under no circumstances may a Pre-Collection Letter be mailed to a patient earlier than 30 days prior to the end of the Notification Period. During the 30-day period following the mailing of the Pre-Collection Letter, the contracted AR Management Company will continue to make reasonable efforts to orally notify the patient about the availability of financial assistance.

If an intended ECA will cover charges for multiple episodes of care, the timelines associated with the Notification Period (120 days) and the Application Period (240 days) will be measured with respect to the most recent episode of care at issue (specifically, from the date of the first post-discharge Billing Statement for that care).

4. After the Notification Period has expired, the Hospital may commence one or more ECAs as follows:
 - (i) If the patient has not applied for financial assistance under the Liberty Medical Center Financial Assistance Policy by the last day of the Notification Period, the Hospital may initiate an ECA, but only after the Pre-Collection Letter has been provided and a period of at least 30 days has elapsed thereafter.
 - (ii) If the patient has applied for financial assistance but a determination has been made that the patient does not qualify under the Liberty Medical Center Financial Assistance Policy, the Hospital may initiate one or more ECAs.
 - (iii) If a patient submits an incomplete Financial Assistance Application prior to the expiration of the Application Period, then ECAs may not be initiated until the following process has been completed:
 - a. The Hospital provides the patient with a written notice that describes the additional information or documentation required in order to complete the Financial Assistance Application;
 - b. The Hospital provides the patient with at least 30 days' prior written notice of the ECAs that the Hospital may initiate against the patient if the Financial Assistance Application is not completed or payment is not made by a specified date; *provided, however*, that the deadline for completion or payment may not be set prior to the end of the Application Period;
 - c. If the patient then completes the Financial Assistance Application and the Hospital determines definitively that the patient is ineligible for any financial assistance, the Hospital will give the patient an opportunity to establish a payment plan before initiating any ECAs; and
 - d. If the patient fails to complete the Financial Assistance Application by the specified date provided in the written notice, the Hospital may initiate one or more ECAs.
 - (iv) If a Financial Assistance Application (whether complete or incomplete) is submitted by a patient at any time during the Application Period, the Hospital will suspend any ECAs underway for so long as the patient's Financial Assistance Application is pending.
5. The Hospital may authorize external collection agencies functioning on its behalf to undertake ECAs consistent with the provisions set forth above and applicable law. However, any ECA proposed to be undertaken by an external collection agency will require the prior approval of the Hospital in each case specifically as to the particular patient and account.
6. The account balances of patients who are able, but unwilling, to pay for Hospital services are considered uncollectible bad debts; such accounts will be referred to outside agencies for collection. The account balances of patients who qualify for financial assistance under the Liberty Medical Center Financial Assistance Policy, but who fail to pay the remaining (discounted) balance when due, are considered uncollectible bad debts for the amount of such balances; such accounts will be referred to outside agencies for collection.

The Hospital will provide copies of this Payment, Billing, and Collection Policy without charge to the public. This policy generally will be posted, publicized, and otherwise available in the same manner as the Liberty Medical Center Financial Assistance Policy.