

<b>Classification:</b>	<b>YALE NEW HAVEN HEALTH SYSTEM POLICIES &amp; PROCEDURES</b>		
<b>Title:</b> Billing and Collection			
<b>Date Approved:</b> 09/20/2013		<b>Approved by:</b> Board of Directors	
<b>Date Effective:</b> 09/20/2013			<b>Date Reviewed/Revised:</b> N/A
<b>Distribution:</b> MCN Policy Manager			<b>Policy Type (I or II):</b> Type I
<b>Supersedes:</b> YNHH Administrative Policy for Credit and Collections BH Credit and Collection Policy (9-4) GH Billing and Collection Bad Debt Policy (A-J:2)			

## PURPOSE

To ensure that outstanding balances on patient accounts are pursued fairly and consistently by the Hospital and its agents in a manner consistent with its charitable mission

## DEFINITIONS

“*Collection agent*” means any person, either employed by or under contract to, the Hospital, who is engaged in the business of collecting payment from consumers for medical services provided by the Hospital, and includes, but is not limited to, attorneys performing debt collection activities.

“*FAP*” means the Hospital’s Financial Assistance Policy.

“*FAP-eligible individual*” means an individual eligible for financial assistance under the hospital’s FAP, without regard to whether the individual has applied for assistance under the FAP.

“*Hospital bed fund*” or “*free bed fund*” means a special donation received by the Hospital to subsidize, in whole or in part, the cost of medical care, including inpatient or outpatient care, incurred by patients at the hospital, whose financial circumstances render them unable to pay their hospital bills.

“*Patient*” means those persons who receive care at the Hospital and the person who is financially responsible for the care of the patient.

“*Uninsured patient*” means any person who is liable for one or more hospital charges whose income is at or below two hundred fifty percent (250%) of the poverty income guidelines who: (1) has applied and been denied eligibility for any medical or health care coverage provided

under the state-administered general assistance program or the Medicaid program due to failure to satisfy income or other eligibility requirements, and (2) is not eligible for coverage for hospital services under the Medicare or CHAMPUS programs, or under any Medicaid or health insurance program of any other nation, state, territory or commonwealth, or under any other governmental or privately sponsored health or accident insurance or benefit program including, but not limited to, workers' compensation and awards, settlements or judgments arising from claims, suits or proceedings involving motor vehicle accidents or alleged negligence.

## **APPLICABILITY**

This policy applies to each licensed hospital affiliated with Yale New Haven Health System (YNHHS), including Bridgeport Hospital, Greenwich Hospital, Yale-New Haven Hospital and any other hospital that may affiliate with YNHHS from time to time, Northeast Medical Group and its subsidiaries, Yale-New Haven Care Continuum (d/b/a Grimes), and any other providers of health care services owned by or under common control with YNHHS.

## **POLICY**

It is the Hospital's policy to treat all patients equitably with respect and compassion, from the bedside to the billing office. The Hospital will pursue patient accounts, directly and through its collection agents, fairly and consistently taking into consideration demonstrated financial need. As part of its collection process, the Hospital will make reasonable efforts to determine if an individual is eligible for financial assistance under its FAP. In the event of nonpayment, where based on information in its possession a person is not FAP-eligible individual, the Hospital (and any collection agency or other party to which it has referred debt) may engage in extraordinary collection actions as defined on Attachment I.

## **PROCEDURES**

### **A. General & Limitation on Billing**

1. In accordance with Connecticut law, before a bill is sent to a patient the Hospital will:
  - a. determine (based on information in its possession) (i) if the patient is an uninsured patient as defined herein; and (ii) eligibility for free bed funds; and
  - b. notify the patient in writing of this insurance determination and the reasons for the determination.
  - c. If a patient is determined to be an uninsured patient as defined herein, the patient will be eligible for free care under the Hospital's FAP.
2. Following a determination of eligibility for financial assistance under the Hospital's FAP, the Hospital will charge all FAP-eligible individuals: (a) for emergency or other medically necessary care, the costs of such care (which the Hospital ensures is no more

than amounts generally billed (AGB) to persons who have insurance covering emergency or other medically necessary care), and (b) no more than gross charges for all other care.

3. Each bill and all collection notice from the Hospital, or any collection agent acting on behalf of the Hospital, must include the YNHHS Summary of Financial Assistance Programs. In addition, at Greenwich Hospital the Availability of Hospital Funds notice must be disseminated in accordance with the Greenwich Hospital Bed Fund Agreement.
4. Throughout the billing and collections cycle, the Hospital will provide financial counseling to patients about their Hospital bills and respond promptly to patient's questions about their bills and to requests for financial assistance.

B. Reasonable efforts – Accounts Receivable (“A/R”) Collections

The Hospital will follow its A/R billing cycle in accordance with internal operational processes and practices. As part of such processes and practices, the Hospital will, at a minimum, notify patients about its FAP from the date care is provided and throughout the A/R billing cycle (or during such period as is required by law, whichever is longer) by posting signs throughout the Hospital, distributing a plain language summary of its FAP in all billing statements, and discussing the FAP with eligible patients.

C. Outside Collections

1. The Hospital will seek to maintain written contractual relationships with one or more collection agents and attorneys for collection of past due accounts that will require compliance with the standards and scope of collection practices set out in this Policy.
2. At the end of the Hospital's internal (pre-collection) billing cycle, outstanding balances may be referred to an approved outside collection agent under the following guidelines:
  - (i) Hospital has billed all third-party payers that may, based on hospital's records, be responsible for paying the claim;
  - (ii) Hospital has provided patient information on how to arrange for a payment plan if the patient cannot afford to pay the entire bill at once and patient has not qualified for, arranged for, or complied with a payment plan;
  - (iii) Hospital has notified patient that it has free bed funds and other free or discounted care for which the patient may be eligible;
  - (iv)(a) No financial assistance application has been completed that establishes the patient's eligibility for hospital bed funds or other financial assistance nor is an application in process, or (b) patient has applied and qualified for partial financial assistance, but has not paid his/her responsible part then the ineligible portion of the account may be referred for collection;
  - (v) A representative of the Hospital's Finance Department or a Turnover Expeditor

concludes, based on the results of an internal review and in accordance with the Hospital's eligibility criteria for its financial assistance programs, that the patient has the financial ability to pay for all or a portion of his or her bill; and

(vi) The referral is reviewed and approved by the Credit & Collections staff under the direction of the Manager, Credit & Collections and using criteria & procedures permitted by the Director of Patient Accounts, the VP, Corporate Business Services and/or the Sr. VP, Finance.

3. If at any point in the debt collection process, the Hospital, including any employee or agent of the Hospital, or a collection agent acting on behalf of the Hospital, receives information that a patient is eligible for hospital bed funds, free or reduced price hospital services, or any other program which would result in the elimination of liability for the debt or reduction in the amount of such liability, the Hospital or collection agent will promptly discontinue collection efforts and, if a collection agent, refer the account back to the Hospital for determination of eligibility. The collection effort will not resume until such determination is made.
4. The Hospital will annually file a debt collection report with the Office of Health Care Access as required by Connecticut law.

## **RESPONSIBILITY**

Sr. VP, Finance, VP, Corporate Business Services, Director of Patient Accounts, and Manager, Credit & Collections

## **REFERENCES**

Conn. Gen. Statutes §19a-673 and §19a-673(a) – (d)

Internal Revenue Code §501(r)(6)

Fair Debt Collection Practices Act

Connecticut Not-For-Profit Acute Care Hospital Voluntary Guidelines for Debt Collection

AHA – Statement of Principles and Guidelines - Hospital Billing & Collection Practices

## **RELATED POLICIES**

YNHHS Financial Assistance Programs

## Attachment I

### STANDARDS & SCOPE OF COLLECTION PRACTICES

1. Prior approval of extraordinary collection action and reasonable efforts to determine if FAP-eligible individual.

The Hospital (and any collection agency or other party to which it has referred debt) shall not engage in any extraordinary collection action (“ECA”) before making reasonable efforts to determine if a patient is an FAP-eligible individual, and further must obtain written approval from the Manager of Credit/Collections, prior to the initiation of any ECA, including as set forth below.

2. ECA Defined:

(a) Commencement of a legal action concerning a referred account

(b) Property Liens & Foreclosures.

Liens on personal residences are permitted only if:

- (i) The patient has had an opportunity to apply for free bed funds and has either failed to respond, refused, or been found ineligible for such funds;
- (ii) The patient has not applied or qualified for other financial assistance under the Hospital’s Financial Assistance Policy, including sliding scale discounts to assist in the payment of his/her debt, or has qualified, in part, but has not paid his/her responsible part;
- (iii) The patient has not attempted to make or agreed to a payment arrangement, or is not complying with payment arrangements that have been agreed to by the Hospital and patient;
- (iv) The aggregate of account balances is over \$1000 and the property(ies) to be made subject to the lien are at least \$125,000 in assessed value; and
- (v) The lien will not result in a foreclosure on a personal residence. Except in unusual circumstances (*e.g.* where there is evidence of an ability to pay, multiple homes or properties, or the existence of significant assets), the Hospital will not pursue foreclosures for property liens.

(c) Wage Garnishments.

Garnishments of wages are permitted only if:

- (i) The patient is not an uninsured patient;
- (ii) The criteria in (i) – (iii) above under Property Liens are met;
- (iii) A court determines that the patient’s wages are sufficient for garnishment and enters a judgment against the patient; and
- (iv) The Hospital has notified the patient in writing of the foregoing.

- (v) Wage garnishments, if approved, will only apply to account balances over \$500. Additionally, any State Marshall fee for administering the wage garnishment will be absorbed by the Hospital as a cost of collection. No interest will accrue on wage garnishments.

(d) Bank Executions.

All bank executions, in addition to pre-approval, require special review by the Hospital for verification that the execution will not cause undue financial hardship on the patient. If this cannot be determined, no bank execution will be ordered.

(e) Writs of Capias.

The Hospital will not pursue and will not initiate a writ of capias (*i.e.*, a petition to have a debtor arrested as a result of a debt collection activity). The Hospital may ask for examinations of patients but the Hospital itself will specifically indicate that the Hospital does not request any writ of capias.

(f) Interest and Court Costs.

Interest will be allowed to accrue on accounts after legal court judgment is received. Interest will accrue at the current statutory rate. The Hospital will not allow interest to accrue greater than 50% of the account balance. If the principal is paid in full, the Hospital will waive payment of interest. Court costs will be assumed by the Hospital as a cost of collections and not charged to the patient.

(g) Credit Reports.

No accounts or account activity will be directly reported to Credit Bureaus or rating agencies. Credit Bureaus may obtain information from court records.