


## POLICY - PROCEDURE

 <b>NORTH MISSISSIPPI MEDICAL CENTER</b>	<b>DEPARTMENT: BUSINESS SERVICES</b>  <b>ORIGINATION DATE:</b>
<b>POLICY/PROCEDURE: BAD DEBT POLICY. THIS POLICY APPLIES TO ALL SINGLE BUSINESS OFFICE ACCOUNTS. IT MAY OR MAY NOT APPLY TO MSO ACCOUNTS</b>	<b>REVISED DATE: 2.1.19</b> <b>10/01/2024</b> <b>10/01/2025</b>
<b>APPROVED BY: <i>VP Revenue Cycle</i></b>	<b>REVIEWED: 10.01.2021</b> <b>REVIEWED: 10.01.2022</b> <b>REVIEWED: 10/01/2025</b>

**PURPOSE:** This policy will direct internal and external follow-up on self-pay balances, including when to cease collection attempts and write off uncollectible accounts.

**POLICY:** It is the policy of NORTH MISSISSIPPI HEALTH SERVICES to assign accounts to bad debt and pursue payment on them in a consistent, compliant, and considerate manner. NORTH MISSISSIPPI HEALTH SERVICES and contracted collection agency staff will act to safeguard protected health information and will comply with all related state and federal regulations, including but not limited to the Fair Debt Collection Practices Act, the 501(r) Final Rule, the Affordable Care Act, the Fair Credit Reporting Act, and HIPAA.

### **DEFINITIONS:**

**Bad Debt:** An amount that remains unpaid and deemed uncollectable by a guarantor and/or patient following reasonable collection efforts as defined in this policy.

**Collection Agency:** A licensed vendor contracted by NORTH MISSISSIPPI HEALTH SERVICES to collect on bad debt accounts.

**Guarantor:** The individual responsible for paying the amount owed for a service. This may be the patient or another individual (e.g., a parent).

**Reasonable Collection Efforts:** Attempts to collect on an account balance, including billing statements, telephone calls, emails and/or other electronic alerts, written notices, and use of collection agencies.

**Self-Pay Balance:** The portion of a guarantor's bill that the guarantor is responsible for paying. If the guarantor has insurance coverage, this may be the amount left over after the guarantor's insurer has paid its part of the claim. If the patient is uninsured, this amount may be the total charges billed or the leftover balance if the patient qualifies for partial financial assistance and/or uninsured discounts.

**Third-Party Payer:** Any entity providing full or partial reimbursement for a patient's care, including insurance companies, Medicare, Medicaid, worker's compensation, victim's assistance, and more.

**Uncollectible Account:** A bad debt account for which all collections attempts have failed and which will be written-off.

## **PROCEDURE:**

### ***I. In-House Collection Efforts (North MS Internal Staff and PFC Services)***

- A. NORTH MISSISSIPPI HEALTH SERVICES staff will conduct third-party payer billing and follow-up activities as appropriate for an account before identifying the guarantor's self-pay balance.
  - 1. Any denied or underpaid third-party payer amounts that should not fall to self-pay responsibility will be reviewed and resolved through a separate process.
- B. After the self-pay balance is identified, or if the patient is uninsured, NORTH MISSISSIPPI HEALTH SERVICES will conduct reasonable collection efforts on the self-pay balance for 120 days, including sending the guarantor a minimum of four billing statements, before referring the account to a collection agency.
  - 1. However, if a statement is returned as undeliverable, the account can be referred to a collection agency before 120 days have passed if good faith efforts to locate the guarantor are documented.
  - 2. If reasonable collection efforts reveal the guarantor is bankrupt or deceased, normal in-house collection efforts will stop, but additional research will be done to determine whether NORTH MISSISSIPPI HEALTH SERVICES will further pursue collection through legal action (e.g., filing a claim against an estate) or deem the account uncollectible.
- C. No extraordinary collection actions will be taken as part of in-house collection efforts. Patients credit rating may be negatively affected (deemed by credit reporting agency)

### ***II. Primary Collection Agency Efforts (Sherloq Collections Services)***

- A. Accounts will be deemed bad debt and referred to a primary collection agency after the above conditions are met unless the guarantor has made arrangements to resolve the balance, such as by negotiating a payment plan or applying for financial assistance.
  - 1. Bad debt accounts will be removed from active A/R records.
- B. If the guarantor submits a financial assistance application after the account is referred but before the account has aged 120 days (days 120 of placement), all collections activity will be suspended until an eligibility determination is made.

- C. Primary collection agency staff will treat Medicare beneficiary accounts the same as other types of accounts and use the same collection methods.
- D. NORTH MISSISSIPPI HEALTH SERVICES will recall accounts after 120 days of placement if primary collection agency staff have not collected the balances in full or cannot demonstrate that they are working with the guarantor to secure reimbursement. Primary agency must return accounts at 120 days.
  - 1. If primary collection agency activities reveal the guarantor is bankrupt or deceased, NORTH MISSISSIPPI HEALTH SERVICES will recall the account and determine how to proceed.
  - 2. NORTH MISSISSIPPI HEALTH SERVICES also reserve the right to recall accounts for other reasons at any time.

### III. **Secondary Collection Agency Efforts** ( *Alliance Collections; and MSCB*)

- A. NORTH MISSISSIPPI HEALTH SERVICES leaders will place recalled accounts with a secondary collection agency, such as one specializing in aged or delinquent accounts.
- B. Secondary collection agency staff will treat Medicare beneficiary accounts the same as other types of accounts and use the same collection methods.
- C. Secondary collection agency DO NOT have automatic approval from NORTH MISSISSIPPI HEALTH SERVICES to take legal action against a guarantor. NORTH MISSISSIPPI HEALTH SERVICES will review and approve legal action in special circumstances.
- D. NORTH MISSISSIPPI HEALTH SERVICES staff will periodically review and potentially recall accounts if secondary collection agency staff have not collected the balances in full or cannot demonstrate that they are working with the guarantor to secure reimbursement.
  - 1. If secondary collection agency activities reveal the guarantor is bankrupt or deceased, NORTH MISSISSIPPI HEALTH SERVICES will recall the account and determine how to proceed.
  - 2. NORTH MISSISSIPPI HEALTH SERVICES also reserve the right to recall accounts for other reasons at any time.
- E. Accounts will remain with the secondary collection agency for a maximum of 2 years.

### IV. **Bad Debt Write-Offs**

- A. If an account recalled from a primary collection agency is deemed uncollectible, NORTH MISSISSIPPI HEALTH SERVICES leaders can decide to write it off.

1. If an account recalled from a primary collection agency is not deemed uncollectible but has aged at least 240 days, NORTH MISSISSIPPI HEALTH SERVICES leaders can choose not to refer it to a secondary collection agency and instead write it off.
- B. All accounts recalled from a secondary collection agency will indicate they have been returned as uncollectable. The accounts will remain in EPIC in a bad debt status.
- C. All secondary collection agencies are to comply with all Medicare Bad Debt reporting requirements.