



COLLECTION AGENCY ASSIGNMENT

Department Standard	
Approved: Pending	Next Review: January 2017
Department: All Swedish Hospital Facilities	
Implementation Date: January 1, 2016	

Purpose

The purpose of this policy is to ensure Swedish Health Services (SHS) hospital collection policy meets federal and state requirements for extraordinary collection activity (ECA) as defined by Internal Revenue Code Section 501(r) and other applicable federal and state laws.

Responsible Persons

Revenue Cycle

Policy

In the interest of conserving scarce resources for indigent care Swedish Health Services will ensure that debts owed by guarantors for medical services provided by SHS hospitals are collected in a timely manner.

SHS will ensure compliance relating to protected health information (PHI) and HIPAA requirements when transferring accounts to bad debt collection agencies.

SHS will make best efforts to obtain cost reimbursement for any portion of uncollectible bad debt attributable to Medicare beneficiaries.

SHS will comply with relevant federal and state laws and regulations in the assignment of bad debt.

Timeline

No account will transfer to a collection agency and no extraordinary collection activity will be made during the initial notification period of 120 days from the 1st post-discharge billing statement. During the notification period Swedish Health Services will do the following:

- Provide a plain language summary of the Financial Assistance Policy (FAP) at the time of registration at the hospital providing services.
- Each billing statement sent to patients will have language directing patients on how to request information and apply for financial assistance.
- Ninety (90) days after the first post-discharge billing statement is issued, send a notice to inform the patient that ECA's may begin 30 days after the date of the notice.
- At day 121 after the first post-discharge billing statement is issued, if the account has not been resolved and patient/guarantor has not applied for financial assistance, then the account can be

- transfer to an outside collection agency.
- Patient/Guarantor may apply for financial assistance at any time up to 240 days after first post-discharge billing statement is issued and all ECA's will stop.
- Outside collection agencies will not report accounts to credit reporting agencies until the 240 day period is completed.

All forms of data transfer of accounts to/from bad debt collections must be encrypted to protect PHI.

Recalls and Second Placements

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

- Accounts with risk management issues.
- Patient has applied for financial assistance. *Return to SHS is mandatory if the patient files a financial assistance application during the initial 240 days period following the issuance of the first post-discharge billing statement.*
- Disputed services.
- Registration issues or internal statement/contact requirements not being met.
- Accounts that have reached statute of limitations.
- Situations where lifetime income is not expected to increase (e.g. fixed income elderly guarantors on Medicare).

Once recalled from an agency, SHS may choose to work the accounts to resolution with the guarantor or a third party as needed.

SHS may also periodically recall transferred accounts from one agency and then may choose to place those accounts with a second agency.

At SHS'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, and where the account has met the criteria for transfer to an agency.

Accounts deemed uncollectible while at a Collection Agency

When the collection agency deems an account uncollectible, the collection agency is required to cancel the listing and return the account to SHS. These circumstances, may include, but are not limited to:

- The legal statute of collection limitations has expired.
- The guarantor has deceased and there is no estate or probate.
- The guarantor has filed bankruptcy.
- The guarantor has provided financial records that qualify him/her for financial assistance.
- Financial records indicate the guarantor's income will never improve to be able to pay the debt, for example with guarantors on lifetime fixed incomes.

Accounts deemed uncollectible will not receive further collection actions from SHS. These balances may be reclassified as charity under the SHS Presumptive/Uncollectible Charity Policy or included in Medicare Bad Debt Logs when qualified as meeting the relevant criteria.

Legal Action

While SHS itself does not generally pursue legal action to collect a confirmed debt, agents acting for SHS may choose to do so where the guarantor has income and/or assets available.

Agents who are collecting accounts are required to submit a written request for approval prior to initiating any legal action. SHS leadership will review the request and account information to ensure the legal action meets criteria determined by SHS.

Legal action is considered an ECA. Accordingly, legal action may not be initiated under any circumstances prior to 121 days after the first post-discharge billing statement is issued. Prior to 240 days after the first post-discharge billing statement is issued, legal action must be suspended or dismissed immediately if the patient submits an application for financial assistance.

Once a collection agency has filed to initiate legal action SHS will not routinely intervene or recall an account.

Agent Contracts

Where applicable, contracts or agreements with outside agents 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 agents to comply with all 501(r) requirements governing ECAs at any time before 240 days after the first post-discharge billing statement is issued.

All external agencies will be required to comply with HIPAA regulations and must sign a business associate agreement.

Definitions

Bad debt: A bad debt results from a guarantor's unwillingness to pay where he/she has the ability to pay. Bad debt may also arise from a failure to respond to collection actions. Bad debt accounts will be forwarded to a collection agency for resolution.

ECA - Extraordinary Collection Activity: Collection actions requiring a legal or judicial process; that involve selling a debt to another party; or that involve reporting adverse information to credit agencies or bureaus. The actions that require legal or judicial process for this purpose include 1) a lien (except a medical lien as defined in RCW 60.44); 2) foreclosure on real property; 3) attachment or seizure of a bank account or other personal property; 4) commencement of a civil action against an individual; 5) actions that cause an individual's arrest; 6) actions that cause an individual to be subject to body attachment; and 7) wage garnishment.

FAP: Financial Assistance Policy: A policy setting forth the hospital's procedures to provide financial assistance to patients who may not have the financial ability to pay all their medical bills.

Supplemental Information

None.

Regulatory Requirement

Internal Revenue Code Section 501(r)
RCW 60.44

References

RCW 60.44

STAKEHOLDERS

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