

Pipestone County Medical Center & Family Clinic

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PCMC - Collections Policy

Collections Policy

PURPOSE:

This Collections Policy (this "Policy") outlines our effective management of collections, including but not limited to litigation and garnishment of funds for outstanding medical debt to assure consistent, fair, and respectful treatment of all our patients, legal representatives and guarantors while ensuring fiscally responsible actions are taken on behalf of Pipestone County Medical Center ("PCMC").

POLICY:

PCMC will provide quality customer service with timely follow-up and meet all regulatory requirements for outstanding medical debt accounts transferred to collections and litigation procedures in compliance with Federal and State laws and regulations. Our medical debt collection actions, including, but not limited to litigation, will align with our values of patient-centered care, excellence, teamwork, and compassion. PCMC's mission is the responsibility of every team member, including third party contractors, and all are required to treat patients and guarantors with sensitivity, empathy, dignity and respect through debt collection activities.

PCMC enforces zero tolerance for abusive, harassing, oppressive, false, deceptive, or misleading language or billing and collections conduct by our employees responsible for billing and collecting medical debt from patients.

PROCEDURE:

Referrals of Medical Debt to Collections

1. We will utilize third party collection agencies (also referred to as "agency" or "agencies") and attorneys for bad debt collections subject to the requirement of this Policy and Federal and State laws and regulations.
2. We will evaluate patient accounts daily based on established billing criteria and collections preconditions for referrals of outstanding medical debt to collection agencies.
3. We will complete an affidavit of expert review (the "Affidavit") certifying that preconditions established by the State of Minnesota, through the Minnesota Hospital Agreement and further in Minnesota Statute are met prior to referring patient accounts for outstanding medical debt to collection agencies. (*see Pre-Conditions section below*)
4. In addition, accounts that we identify as qualifying for bad debt will be transitioned in PCMC's electronic medical record platform, Medical Information Systems, Inc. (MEDITECH) Expanse or then-current system, to a bad debt status.

5. All patient accounts will be aged at least 120 days from the first post-discharge billing statement before transferring to collection agencies.
6. Collection agencies will make every reasonable effort to establish payment options based on the debtor's ability to pay as well as identify patients potentially eligible for Charity Care. What constitutes acceptable payment arrangements will be determined by agencies. Agencies will assist debtors whenever possible in identifying possible options for resolving their accounts.
7. Agencies will attempt to locate patients to collect on accounts by using the most effective tools on the market for securing location information.
8. Once a determination is made that the debtor refuses to pay the expected amount or has demonstrated the inability to make payments within the established payment plan expectations, accounts are evaluated for further collection actions such as litigation.
9. If we have knowledge of the identity of an attorney representing a patient in connection with PCMC's internal or external medical debt collection efforts, we will notify our third party debt collection agency and attorney, as applicable, of the identity of the attorney who represents the patient. PCMC and third party collections agencies/attorneys will not directly contact any patient known to be represented by an attorney with regard to the collection of the medical debt without the permission of the patient's attorney.

Collections Agency and Attorney Services Agreements

1. At least annually, PCMC's Chief Financial Officer (CFO) will present to the Board of Directors with the Chief Executive Officer a review of the current third party collections agencies and attorneys. They will discuss whether or not to issue or renew any contract with third party debt collection agencies. Such review will consider whether the agency has acted in a manner consistent with the hospital's applicable policies, the hospital's mission, and Federal and State laws and regulations while performing services on behalf of PCMC.
2. PCMC will enter into a written agreement with any and all third party collection agencies that collect debt from patients on PCMC's behalf. The contract will include a requirement that the collection agency perform services in accordance with PCMC's policies, the State of Minnesota Hospital Agreement, and other applicable Federal and State laws and regulations.
3. Collections agencies and attorneys will maintain a log of oral and written complaints received from any patient, or reported by any patient to the agency or attorney, concerning the conduct of the agency or attorney. Each agency and attorney will provide PCMC a complete copy of the complaint log at least six (6) times per year. If the agency or attorney fails to maintain such log and provide it, PCMC will take appropriate action to remedy or pursue termination of the agreement.
4. The third party collection agencies and attorneys will keep a record of the date, time, and purpose of all communication to or from our patients for collection activities.
5. Third party collection agencies and attorneys will refer our patients who may be eligible for Charity Care and Financial Aid back to PCMC to apply for such financial assistance.
6. Third party collections agencies and attorneys are restricted from reporting any patient a credit reporting agency as a result of that patient's failure to pay a medical bill. In other

words, PCMC, and collection agencies/attorneys working on its behalf, will not report a patient to a credit reporting agency as a result of that patient's failure to pay a medical bill.

7. PCMC will hold the agencies and attorneys accountable to a zero tolerance policy for abusive, harassing, oppressive, false, deceptive, or misleading language or collections conduct by their agents and employees.

Pre-Conditions for Collections Actions

An affidavit of expert review (the "Affidavit") will be completed by a Patient Account Representative when we seek to initiate the collection action, including, but not limited to, referring to collection agencies, and further litigation and/or garnishment actions, attesting to the following pre-conditions were verified:

1. PCMC has a reasonable basis to show that patient received the health care services and still owes and is personally responsible for the outstanding medical debt.
2. All known insurance coverages, third party payers, or other benefit programs have been properly billed and patients or guarantors received at least three (3) monthly statements showing balances due for the remaining amount that the patient is financially responsible and obligated to pay.
3. No claims for payment are pending with a PCMC third party payer related to the specific services contained in the outstanding medical debt amount being considered for collections.
4. If a claim is denied by a third party payer due to the hospital's error such that the error, PCMC will not bill or make the patient liable for the portion of the medical debt that he or she would not otherwise be liable. PCMC will only bill for the amount the patient would have been responsible had the claim been correctly submitted. This does not apply to claims that PCMC properly submitted to insurance but were denied payment for reasons that are not PCMC's error in claims submission including the patient, legal representative and/or guarantor providing PCMC incorrect insurance or benefit information.
5. PCMC may refer medical debt to a third party collection agency or attorney following an initial denial of the claim by the third party payer subject to the previous requirement that such denial is not the result of an error by PCMC in the submission of the claim.
6. If the patient indicated an inability to pay the full amount of debt to PCMC in one (1) payment, PCMC already offered the patient a reasonable payment plan which may have included PCMC requiring the patient, legal representative or guarantor to provide reasonable verification of the inability to pay the full amount of debt in one payment.
7. For uninsured patients, or if other facts and circumstances suggest the patient may be eligible for Charity Care and Financial Aid, the patient has been given a reasonable opportunity to submit an application.
8. PCMC cannot refer medical debt to collection if a patient, legal representative or guarantor is making payments on medical debt in accordance with terms of a payment plan previously agreed to by PCMC.
9. Prior to petitioning for a default judgment in a litigation proceeding (as the collection action), there is no reasonable basis to believe:

- a. That the patient may already consider the patient has adequately answered the complaint by calling or writing to the hospital, its third party collections agency, or its attorney;
 - b. The patient is potentially unable to answer the complaint due to age, disability, or medical conditions; or
 - c. The patient may not have received service of the complaint.
10. Prior to petitioning the court for garnishment of wages from a litigation judgment, there is no reasonable basis to believe that a patient's or guarantor's wages or funds at a financial institution (subject of the intended garnishment) are likely to be exempt from garnishment per State or Federal law.

Minnesota Revenue Recapture Program

PCMC, as a municipal (government) hospital, participates in the Minnesota Department of Revenue, Revenue Recapture Program (*see* Minnesota Statutes, section 270A.03 and section 270C.41). This program allows the Minnesota Department of Revenue to recapture (take) Minnesota residents' individual tax refunds or other payments and apply those funds to debits being collected for government agencies. Recaptured funds from residents are applied according to a debt priority defined by State law. If the Revenue Program applies recovered funds from a patient to medical debt, it does not replace the patient's obligation to make a regularly scheduled payment pursuant to a PCMC approved payment plan.

PCMC will send patients, legal representatives, or guarantors a written notice within five (5) days after it files a claim with the Minnesota Department of Revenue to obtain funds through the Revenue Recapture Program. Individuals have the right to contest the validity of the claim by sending written notice for a hearing to PCMC within 45 days after receiving the notice. A right to contest with hearing does not apply to individuals with medical debt previously litigated or who untimely contest and request a hearing.

see also <https://www.revenue.state.mn.us/revenue-recapture>

Collection Notices to Patients

PCMC will include the following language on all collection notices sent to patients by PCMC and its third party debt collection agencies and attorneys, including, but not limited to, on all covers of letters serving lawsuits and garnishment papers:

If you feel that your concerns have not been addressed, please contact PCMC Business Office at 507-825-5811 first and allow us the opportunity to try and address your concerns. If you continue to have concerns that have not been addressed, you may contact the Minnesota Attorney General's Office by telephone at 1-651-296-3353 or 1-800-657-3787, by email at hospital.billing@ag.state.mn.us, or online at www.ag.state.mn.us/contact.

Suspending Collections Actions

1. PCMC shall immediately notify the collection agency or collection attorney if a patient submits an application for Charity Care and Financial Aid (see separate policy) after the medical debt for the patient has been referred to the collection agency or attorney. PCMC and the collection agency will suspend all collection activity until the application is processed by PCMC to determine if the patient qualifies for Charity Care or other financial aid.
2. PCMC, and collection agencies and attorneys working on its behalf, will stop collection efforts, if the patient advises PCMC, the collection agency, or attorney that:

- a. The patient does not owe all or part of the bill;
 - b. A third party payer should pay the bill; or
 - c. The patient needs documentation concerning the bill.
The above does not limit PCMC's ability from addressing patient billing inquiries verbally (in-person or via phone) with the patient or legal representative when appropriate.
3. PCMC, the collection agency, or attorney will, upon request from the patient pursuant to paragraph 2 in this section, provide documentation to the patient or legal representative in writing within ten (10) days. Collection activities will cease for a period of thirty (30) days after providing proof that the debt is owed by the patient so as to give the patient further opportunity to pay the bill or to challenge the documentation supplied. If PCMC, the collection agency, or attorney timely provides the required documentation, and the patient does not respond within thirty (30) days, the hospital/clinic may resume collection activity.

Bankruptcy Notices from Patients

Notices from patients of bankruptcy will be reviewed and applicable accounts will be placed on a hold status for statements, letters, and other collection activities. After PCMC receives the Discharge of Debtor Notice, the applicable accounts will be written off to zero out remaining outstanding medical debt. Applicable accounts will include all names on the bankruptcy notice along with any minor children and dependents involved. If the patient's applicable account was already referred to a third party collection agency, PCMC will promptly provide a copy of the notice to the appropriate agency. The collection agency will then inform us of monies that need to be written off from their records. Bankruptcy notices and documents showing written off transactions are kept on file

Litigation

1. PCMC shall not give collection agencies or an attorney any blanket authorization to take legal action by filing a litigation matter or case against its patients for the collection of medical debt.
2. PCMC will not file or authorize filing of any lawsuit against a patient to collect medical debt until the Affidavit has been completed verifying the Minnesota Hospital Agreement and Minnesota Statute pre-conditions and the Patient Account Representative authorizes the litigation.
3. In the event that litigation is the best option for recovery of the debt, collection agencies will analyze the account(s) to determine the defendants in the action and the proper venue for litigation. PCMC shall approve litigation and provide assignment to agencies to enable the agencies to be named plaintiff in legal actions.
4. Third party collection agencies shall utilize small claims court when available to minimize the cost associated with litigation to secure a judgment.
5. PCMC will develop an attorney network for the most efficient and effective litigation practices and subsequent garnishment, execution, levy, etc. on judgment accounts. We will contract directly with any such attorney utilized for the collection of medical debt and will require the attorney to act in accordance with the terms of this policy, including, but not limited to, in compliance with State and Federal laws, regulations, and rules.

6. The CFO will oversee the conduct of all third party attorneys retained by PCMC to collect medical debt from its patients and shall oversee all debt collection litigation.
7. Third party collection agencies will maintain all patient accounts with judgments issued from a court of competent jurisdiction until the earlier of, the judgment is satisfied or the judgment expires.
8. PCMC will require third party debt collection attorneys take the following actions with respect to collection of the medical debt from patients:
 - a. File any lawsuits brought against PCMC's patients for the collection of medical debt with a court of competent jurisdiction no later than seven (7) days after the lawsuit has been served upon the patient.
 - b. Sign and date all pleadings, including but not limited to, all summonses, complaints, garnishment petitions, and related documents.
 - c. Ensure that affidavits of service which purpose to document the service of any pleading state the address to which it was mailed or, if personally served, the name of the person to whom the pleading was delivered.
 - d. Serve along with the summons and compliant the form attached hereto and incorporated herein as Exhibit A adopted from the Minnesota Hospital Agreement Exhibit A "Lawsuit Information Sheet", or a form approved in advance by the Minnesota Attorney General's Office.
 - e. List in the case caption of all pleadings the county where the lawsuit is or will be venued; and
 - f. Instruct its attorney not to petition any court to have any debtor arrested, or any arrest warrant or body attachment issued, or to cause such an action, as a result of debtor's failure to appear in court, to complete paperwork, or to otherwise respond to any request or action by PCMC in connection with its efforts to collect medical debt from the patient.

Garnishments

1. PCMC shall not give third party debt collections agencies or attorneys a blanket authorization to pursue the garnishment of patients' wages or bank accounts.
2. PCMC will not file or authorize third party agencies or attorneys to proceed with garnishment against a patient to collect medical debt until the Affidavit has been completed verifying the Minnesota Hospital Agreement and Minnesota Statute pre-conditions and the Patient Account Representative authorizes the garnishment action.
3. PCMC will not garnish patients' wages or bank account unless it first obtains a judgment from a court of proper jurisdiction against the patient for the amount of medical debt.
4. PCMC will include with the initial notice it sends to patients of a garnishment the form attached hereto and incorporated herein as Exhibit B, the "Garnishment Information Sheet" from the Minnesota Hospital Agreement, or such other form approved in advance by the Minnesota Attorney General's Office.

5. If a patient submits a written claim that the patient's account or wages are exempt from garnishment, PCMC's third party collection attorney shall not object to the claim of exemption without receiving the specific, case-by-case approval, from Patient Account Representative. In deciding whether to grant such approval in a particular case, our employee shall review all information submitted by the patient in support of the patient's claim of exemption.

Patient Account Closures

Once all collection efforts are exhausted, accounts with remaining medical debt balances will be returned to PCMC classified as uncollectable with the proper account closure designation. Based on the identifying close code on an account, PCMC will leave the dollars as bad debt or reclassify as charity. Third party collection agencies will provide an uncollectible or close list to PCMC on a monthly basis for review.

This Policy was developed as a guide for the delivery of health services and related administrative business operations. This Policy is not intended to define the standard of care. This Policy should be used as a guide for the delivery of services, although hospital personnel may deviate from this guide to provide appropriate service for each patient in compliance with applicable federal and state laws, regulations, and rules.