



<p>Current Status: <i>Active</i></p>	<p>PolicyStat ID: 7064851</p>
	<p>Implementation: 10/2019</p>
	<p>Effective: 10/2019</p>
	<p>Last Reviewed: 10/2019</p>
	<p>Last Revised: 10/2019</p>
	<p>Next Review: 10/2024</p>
	<p>Owner: <i>Kimberly Sullivan: SVP Chief Revenue Cycle Officer</i></p>
	<p>Policy Area: <i>Revenue Cycle</i></p>
<p>Departments:</p>	
<p>Applicability: <i>Providence St. Joseph Health Systemwide</i></p>	

PSJH-RCS-1603 Bad Debt Assignments

Executive Sponsor:	Venkat Bhamidipati, EVP Chief Financial Officer
Policy Owner:	Kim Sullivan, SVP Chief Revenue Cycle Officer
Contact Person:	Janice Grankowski, VP Revenue Cycle Services

Scope:
 This policy applies to patient liabilities where internal collection efforts have not resulted in full payment according to the established timeframe and process after the first post-discharge billing statement. This policy applies to Providence St. Joseph Health and its Affiliates¹ that provide healthcare services and their employees (collectively known as "PSJH"). This policy does not apply to Hoag Memorial Hospital Presbyterian, Providence Health Plans (PHP)² or U.S. Family Health Plan (USFHP). This is a management level policy, reviewed and recommended by the Policy Advisory Committee (PAC) to consider for approval by senior leadership which includes vetting by Operational Leadership Council (OLC) and Executive Council (EC) with final approval by the President, Chief Executive Officer or appropriate delegate.

Purpose:
 Providence St Joseph Health (PSJH) is a not-for-profit healthcare organization guided by a commitment to its Mission of serving all, especially those who are poor and vulnerable, by its Core Values of compassion, dignity, justice, excellence and integrity, and by the belief that health is a human right.
 The purpose of this policy is:

1. To ensure compliance by PSJH and any contracted entities for bad debt collections with regulatory requirements including Internal Revenue Code 501(r).
2. To assure PSJH makes reasonable efforts to contact the patient before assigning an account to bad debt.
3. To assure PSJH makes reasonable efforts to screen the patient for charity eligibility prior to assigning an account to bad debt.

Definitions:
 For the purposes of this policy the following definitions and requirements apply:

1. FAP (Financial Assistance Policy) is PSJH's Financial Assistance Charity Care Policy, providing free or discounted services for eligible patients in accordance with relevant regulatory

requirements.

2. Extraordinary Collection Action (ECA's) are defined as those actions requiring a legal or judicial process, involve selling a debt to another party or reporting adverse information to credit agencies or bureaus. The actions that require legal or judicial process for this purpose include a lien; foreclosure on real property; attachment or seizure of a bank account or other personal property; commencement of a civil action against an individual; actions that cause an individual's arrest; actions that cause an individual to be subject to body attachment; and wage garnishment.
3. Plain Language Summary is a written statement to communicate that PSJH offers financial assistance under the FAP for inpatient and outpatient hospital services and contains the information required to be included in such a statement under the FAP.
4. Escalated patient complaint is a scenario in which a patient is dissatisfied with the resolution and/or handling of their account(s) and requests to have someone at a higher level of authority resolve the complaint.

Policy:

To ensure the best possible experience relating to collection efforts for patient liabilities, PSJH has developed this policy to facilitate consistent and quality approaches for bad debt assignments. This policy shall be interpreted in a manner consistent with Internal Revenue Code 501(r), as amended. In the event of a conflict between the provisions of such laws and this policy, such laws shall control.

Requirements:

1. Prior to placement of an account with a bad debt collection agency, PSJH will make reasonable efforts to inform patients, collect patient liabilities, and screen for charity eligibility in accordance with regulatory requirements and the PSJH Financial Assistance and Charity policies. This may include:
 - a. Providing billing statements with a conspicuous written notice to inform patients about the availability of financial assistance, as well as a direct phone number and website address where applications, policies, plain language summaries, and translation services may be obtained including a statement that nonprofit counseling services may be available in the area.
 - b. Assuring availability of a plain language summary of the financial assistance policy (FAP) with at least one (1) post-discharge communication as part of the intake or discharge process.
 - c. Notifying patients in accordance with IRS 501(r) that extraordinary collection actions (ECA's) may commence but no sooner than one hundred and twenty (120) days from the first post-discharge billing statement.
 - d. Screening the account for financial assistance in accordance with PSJH charity policies.
 - e. Assuring bad debt collection agencies to which accounts may be assigned are compliant with 501(r) requirements.
 - f. Assuring adequate encryption of Protected Health Information (PHI) for any patient information provided to a bad debt collection agency to which accounts may be assigned.
2. Requirements for bad debt collection agencies to which PSJH accounts are assigned:
 - a. Accounts will stay with the primary bad debt vendor until the account is deemed uncollectible or up to three hundred and sixty five (365) days from placement, whichever comes first. Accounts deemed uncollectible will be returned on a monthly basis, not to exceed 365 days. Accounts

over 365 days, which are on a payment plan or in litigation, may remain with the agency until resolution. PSJH may choose to at any time recall and place returned accounts with a secondary or tertiary bad debt placement agency.

- b. The collection agency must follow all appropriate regulations including the Fair Debt Collection Practices Act, (FDCPA)¹, the Telephone Consumer Protection Act (TCPA) 501(r) and any other applicable state or federal regulations. Requests for suit must be approved in writing by appropriate senior leadership. Specifically regarding state and federal regulations, the agency:
 - 1. Must also ensure that no ECA's are taken until reasonable efforts have been made to determine if the patients are FAP-eligible.
 - 2. Must limit the ECA's it uses for PSJH accounts to those PSJH allows (those we notify our patients of) by listing them out.
 - 3. Must suspend collection efforts if notified by PSJH that the patient submitted a FAP application after the assignment, and thereafter follow PSJH instructions regarding the account.
 - 4. Must report any patient escalated complaints received on PSJH account to PSJH.
 - 5. Must not re-assign the account to another agency without PSJH's express approval.
- c. Where the bad debt collection agency identifies that the patient has filed bankruptcy there is required notification back to PSJH.
- d. Bad debt will not be sold to third parties or any sale of bad debt to third parties will be pursuant to a written agreement containing the four conditions identified in 501(r)(6).

References:

Internal Revenue Code Section 501(r); 26 C.F.R. 1.501(r) (1) – 1.501(r) (7)
42 C.F.R. 482.55
47 U.S.C. §227 (TCPA)
PROV-FIN-519 Discounts for Health Services
PROV-FIN-520 Medicare Bad Debts
PSJH-MISS-100 Charity Care-Financial Assistance
Operational charity policies

Attachments:

None

Applicability

[¹] For purposes of this policy, “Affiliates” is defined as any entity that is wholly owned or controlled by Providence St. Joseph Health (PSJH), Providence Health & Services, St. Joseph Health System, Western HealthConnect, Covenant Health Network, Inc., or is jointly owned or controlled by PSJH or its Affiliates and bears the Providence, Swedish Health Services, Swedish Edmonds, St. Joseph Health, Covenant Health Network, Covenant Health, Kadlec Regional Medical Center, or PacMed Clinics name (includes Medical Groups, Hospice, Home Health, etc.).

[²] For purposes of this policy, “Health Plan” is defined as Providence Health Plan, Providence Plan Partners, Providence Health Assurance, Ayin Health Solutions, Inc, and Performance Health Technologies, Ltd.

Attachments

No Attachments

Approval Signatures

Approver	Date
Cynthia Johnston: Compliance Spec PSJH	10/2019
Joel Kim: Assoc Compliance Spec PSJH	10/2019
Joel Kim: Assoc Compliance Spec PSJH	10/2019
Cynthia Johnston: Compliance Spec PSJH	10/2019
Cynthia Johnston: Compliance Spec PSJH	10/2019
Joel Kim: Assoc Compliance Spec PSJH	10/2019

Applicability

AK - Providence Alaska MC, AK - Providence Kodiak Island MC, AK - Providence PEC/PTCC, AK - Providence Seward MC, AK - Providence St. Elias Specialty Hospital, AK - Providence Valdez MC, CA - Healdsburg Hospital, CA - Mission Hospitals, CA - PSJH Physician Enterprise Northern, CA - PSJH Physician Enterprise Southern, CA - Petaluma Valley Hospital, CA - Providence Cedars-Sinai Tarzana MC, CA - Providence Holy Cross MC, CA - Providence LCM MC San Pedro, CA - Providence LCM MC Torrance, CA - Providence Saint John's Health Center, CA - Providence Saint Joseph MC, Burbank, CA - Queen of the Valley Medical Center, CA - Redwood Memorial Hospital, CA - Santa Rosa Memorial Hospital, CA - SoCal Region, CA - St. Joseph Hospital - Eureka, CA - St. Joseph Hospital Orange, CA - St. Jude Medical Center, CA - St. Mary Medical Center Apple Valley, MT - Providence St. Joseph MC, Polson, MT - St. Patrick Hospital, OR - Clinical Support Staff (CSS), OR - Connections, OR - Credena Health (CH), OR - Home Health (HH), OR - Home Medical Equipment (HME), OR - Home Services, OR - Home Services Pharmacy (HSRx), OR - Hospice (HO), OR - Providence Ctr for Medically Fragile Children, OR - Providence Health Oregon Labs, OR - Providence Hood River Memorial Hospital, OR - Providence Medford MC, OR - Providence Medical Group, OR - Providence Medical Group, OR - Providence Milwaukie Hospital, OR - Providence Newberg MC, OR - Providence Portland MC, OR - Providence Seaside Hospital, OR - Providence St. Vincent MC, OR - Providence Willamette Falls MC, Providence Home and Community Care, Providence St. Joseph Health, Providence and Kadlec Express Care, TX - Covenant Children's Hospital, TX - Covenant Hospital Levelland, TX - Covenant Hospital Plainview, TX - Covenant Medical Center, TX - Covenant Specialty Hospital, WA - EWA Providence Medical Group, WA - Kadlec Regional Medical Center, WA - NWR Providence Medical Group, WA - Providence Centralia Hospital, WA - Providence DominiCare, WA - Providence Holy Family Hospital, WA - Providence Mt. Carmel Hospital, WA - Providence Physician Services, WA - Providence Regional MC Everett, WA - Providence St. Joseph's Hospital, WA - Providence St. Luke's Rehabilitation Medical, WA - Providence St. Mary MC, WA - Providence St. Peter Hospital, WA - Providence Surgery Center, Pacific Campus, WA - SWR Providence Medical Group, WA - Sacred Heart Med Ctr & Children's Hospital, WA - Swedish Medical Center