



Title: Billing and Collection Policy	Policy Number: PFS-P03
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PURPOSE:

It is the goal of this policy to provide clear and consistent guidelines for conducting billing and collections functions in a manner that promotes compliance, patient satisfaction, and efficiency. Through the use of billing statements, written correspondence, and phone calls, Hutchinson Health will make diligent efforts to inform patients of their financial responsibilities and available financial assistance options, as well as follow up with patients regarding outstanding accounts.

Additionally, this policy requires Hutchinson Health to make reasonable efforts to determine a patient's eligibility for financial assistance under Hutchinson Health's Financial Assistance Policy (FAP) before engaging in extraordinary collection actions to obtain payment.

This policy applies to all hospital and clinic services provided and billed for by Hutchinson Health, including both facility and professional services.

DEFINITIONS:

- **Extraordinary Collection Actions (ECAs):** A list of collection activities, as defined by the IRS and Treasury, that healthcare organizations may only take against an individual to obtain payment for care after reasonable efforts have been made to determine whether the individual is eligible for financial assistance. These actions are further defined in Section II of this policy below and include legal/judicial actions such as garnishing wages and placing liens on property.
- **Financial Assistance Policy (FAP):** A separate policy that describes Hutchinson Health's financial assistance program—including the criteria patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance.
- **Reasonable Efforts:** A certain set of actions a healthcare organization must take to determine whether an individual is eligible for financial assistance under Hutchinson Health's Financial Assistance Policy. In general, reasonable efforts may include providing individuals with written and oral notifications about the FAP and application processes.

POLICY:

After our patients have received services, it is the policy of Hutchinson Health to bill patients and applicable payers accurately and in a timely manner.

During this billing and collections process all outstanding accounts will be handled in accordance with section 501(r) of the Internal Revenue Code and related Treasury Regulations and the Minnesota Attorney General agreement with Minnesota hospitals.

- **Self-Pay Balances:** Amounts that patients or the patients' guarantors are obligated to pay directly to Hutchinson Health. This includes patient responsibilities such as deductibles, co-pays, coinsurances and non-covered services once the insurance carrier processes a claim. This also includes amounts

that uninsured and underinsured patients are responsible to pay after appropriate discounts have been applied.

CUSTOMER SERVICE

During the billing and collection process, Hutchinson Health will provide quality customer service by implementing the following guidelines:

- Hutchinson Health will enforce a zero tolerance standard for displaying behavior that is abusive, harassing, offensive, deceptive, or misleading to the payer representative, patient or any other customer.
- Hutchinson Health will maintain a streamlined process for patient questions and/or disputes, which includes a toll-free phone number that patients may call and a prominent business office address to which they may write. This information will remain listed on all patient bills and collections statements sent.
- After receiving a communication from a patient (by phone or in writing), Hutchinson Health staff will return phone calls to patients as promptly as possible (but no more than one business day after the call was received) and will respond to written correspondence within 10 days.
- Hutchinson Health will maintain a log of patient complaints (oral or written) that will be available for audit.

PROCEDURES

I. Billing Practices

A. Insurance Billing

1. Patients must sign an authorization allowing Hutchinson Health to bill the patient's insurance company and must cooperate with Hutchinson Health in a reasonable manner to facilitate the proper billing to a patient's insurance company.
2. For all insured patients, Hutchinson Health will bill applicable third-party payers (as based on information provided by or verified by the patient) in a timely manner.
3. If a claim is denied or is not processed by a payer due to an error on our behalf, Hutchinson Health will not bill the patient for any amount in excess of what the patient would have owed had the payer paid the claim.
4. If a claim is denied or is not processed by a payer due to factors outside of our organization's control, staff will follow up with the payer and patient as appropriate to facilitate resolution of the claim. If resolution does not occur after prudent follow-up efforts, Hutchinson Health may bill the patient or take other actions consistent with current regulations and industry standards.

B. Patient Billing

1. All uninsured patients will be billed directly and timely, and they will receive a statement as part of the organization's normal billing process.
2. All insured patients, after their claims have been processed by third-party payers, will be billed in a timely fashion for their respective liability amounts as determined by their insurance benefits.

3. The guarantor shall receive a monthly statement notifying them of their financial responsibility. The statement will include the account status and list any activity occurring since the last statement. Reasonable efforts will be made to assure that the statement is accurate and easily understood by patients.
4. All billing statements must include a conspicuous written notice regarding the availability of financial assistance under the FAP, a telephone number, and website where additional information and a copy of the FAP can be obtained.
5. All patients may request an itemized statement for their accounts at any time.
6. All payment, remittance advice, and other correspondence received from any payer, patient, and/or guarantor will be posted timely to the patient account.
7. Hutchinson Health expects all guarantors to promptly pay any remaining patient responsibility upon notification.
8. If a patient disputes his or her account and requests documentation regarding the bill, staff members will provide the requested documentation in writing within 10 days, if reasonably possible, and will hold the account for at least 30 days before continuing any collection efforts.
9. Hutchinson Health may approve payment plan arrangements for patients who indicate they may have difficulty paying their balance in a single installment.
 - a. Effective November 1, 2019 your minimum payment will be calculated by dividing your outstanding balance by the number of months in the repayment timeline. Balances that aren't paid in full by the end of the repayment timeline may be sent to collections.

Payment plan balance	Repayment timeline
\$0-\$1,000	6 months
\$1,001-\$3,000	12 months
\$3,001-\$10,000	24 months
Over \$10,000	36 months

- b. If a patient is experiencing a temporary financial hardship (e.g. change in household income or death), a temporary 90 day payment plan can be established. During this time, the patient must make payment on their account each month. After 90 days the guarantor will be contacted to renegotiate their payment in order to meet the Hutchinson Health payment plan requirements.
 - c. If a patient is on an existing payment plan and incurs additional out-of-pocket costs, the patient's current payment plan may be revised to account for the additional costs.
10. If at any stage of the patient experience and up through the collection process, the patient expresses a concern that they are unable to pay their bill in full or meet the payment plan requirements, the patient will be encouraged to complete and submit an application for financial assistance, consistent with this policy and the FAP.

11. Patient Financial Services Manager, with approval of the Chief Financial Officer and/or the Chief Executive Officer has the authority to make exceptions to this policy on a case-by-case basis for special circumstances.
12. Hutchinson Health is not required to accept patient-initiated payment arrangements and may refer accounts to a collection agency as outlined below if the patient is unwilling to make acceptable payment arrangements or has defaulted on an established payment plan.

II. Collections Practices

- A. In compliance with relevant state and federal laws, and in accordance with the provisions outlined in this Billing and Collections Policy, Hutchinson Health may engage in collection activities—including extraordinary collection actions (ECAs)—to collect outstanding patient balances. The following guidelines will be followed:
 1. All patient / guarantor contact attempts will be documented on the patient account.
 2. Hutchinson Health will not collect on any account greater than one year old if there has been no written or verbal contact attempts made by either Hutchinson Health or a third-party payer during that time. (The only exception would be for the reprocessing of a claim by a third-party payer outside of the one-year time frame that resulted in an amount due by the patient.)
 3. Patients will receive three notifications, approximately 30 days apart, requesting payment on account, with the exception of returned mail. If the patient's address cannot be obtained and the patient is not available by phone the account will be forwarded to a collection agency.
 4. All collection notices sent to patients will provide a statement including the phone number for the Minnesota Attorney General's Office that patients may contact if they believe their concerns have not been adequately addressed.
 5. Diligent follow-up efforts will be made to communicate with patients or their guarantors, encouraging them to resolve their outstanding balance in order to prevent referrals to external collection agencies.
 6. ECAs may only be taken pursuant to the procedures set forth in Section IV of this Policy.
 7. Patient balances may be referred to a third party for collection at the discretion of Hutchinson Health. Hutchinson Health will maintain ownership of any debt referred to debt collection agencies, and patient accounts will be referred for collection only with the following caveats:
 - a. The Patient Financial Services Manager and Chief Financial Officer have verified that:
 - i. There is a reasonable basis to believe the patient owes the debt.
 - ii. All third-party payers have been properly billed, and the remaining debt is the financial responsibility of the patient. Hutchinson Health shall not bill a patient for any amount that an insurance company is obligated to pay.

- iii. Hutchinson Health will not refer accounts for collection while a claim on the account is still pending payment from insurance. However, Hutchinson Health may classify certain claims as “denied” if such claims are stuck in “pending” mode for an unreasonable length of time despite efforts to facilitate resolution.
 - iv. Hutchinson Health has offered to set up a reasonable payment plan.
 - v. Hutchinson Health has provided patient a reasonable opportunity to submit an application for financial assistance.
 - b. Hutchinson Health will not refer accounts for collection where the patient has initially applied for financial assistance and Hutchinson Health has not yet notified the patient of its determination (provided the patient has complied with the timeline and information requests delineated during the application process).
 - i. For financial assistance applications submitted per policy, collection activity will be suspended for a minimum of 30 days allowing time for the application to be processed and the patient notified of the outcome.
 - c. Hutchinson Health will not refer accounts for collection where the claim was denied due to a Hutchinson Health error. However, Hutchinson Health may still refer the patient liability portion of such claims for collection if unpaid.
 - d. Hutchinson Health will not refer any patient to a third-party collection agency or attorney if the patient has made payments in accordance with the terms of a payment plan previously agreed upon.
- 8. Existing payment plans will be considered delinquent after one missed payment. The patient will have 30 days to become current with their payment plan or they may be sent to a debt collection agency.
- 9. If no payment is received within 30 days from the final notice the account will eligible to be forwarded to an outside collection agency.
- 10. If a patient contacts Hutchinson Health staff regarding the collection of a medical debt after it has been referred to a collection agency or law firm, Hutchinson Health staff will take the following actions:
 - a. Confirm certain demographic information to ensure that there is a reasonable basis to believe that the patient owes the debt.
 - b. Verify that all known third-party payers have been properly billed.
 - c. If the patient provides staff with new information regarding the patient’s liability for the debt, Hutchinson Health staff will contact the collection agency or law firm with the new information and suspend collection activity until the new information has been investigated.
 - d. Hutchinson Health staff will not attempt to negotiate a payment plan with a patient once the debt has been referred to a collection agency or law firm for collection.

- e. Hutchinson Health staff may discuss account information that occurred prior to the collection agencies' involvement with the patient.
 - f. Hutchinson Health staff will not discuss payment arrangement with a patient who has been referred to its third-party collection agency, but shall refer the patient in a courteous manner to the collection agency for arrangements.
 - g. If a patient submits a FAP application during the FAP Application period (i.e. within 240 days of the first post-discharge statement), Hutchinson Health staff will suspend collection activities and ECAs and review the application as described in Part IV.
11. Hutchinson Health expects its collections agency to abide by the same standards as Hutchinson Health and will not tolerate disrespect to its patients referred to the agency.
 - a. If a patient contacts Hutchinson Health staff regarding the conduct of a collection agency under contract with Hutchinson Health, information regarding the patient's concerns will be forwarded to the Patient Financial Services Manager.
 - b. If a patient contacts Hutchinson Health staff regarding the conduct of a law firm under contract with Hutchinson Health, information regarding the patient's concerns will be forwarded to the Patient Financial Services Manager.
 - c. Patient Financial Services Manager will review all complaints concerning its third-party collection agency and law firms on a bi-monthly basis with the Chief Financial Officer.
 12. The Patient Financial Services Manager and Chief Financial Officer will review the contract between collection agency and Hutchinson Health annually.

III. Payment Methods

- A. Payments can be made in one of the following ways:
 1. Mailed to Hutchinson Health, PO Box 850, Minneapolis MN 55480-0850
 2. Using cash, check or a credit/debit card in person at Hutchinson Health 1095 Highway 15 South Hutchinson MN 55350 at the main entrance desk or any registration desk.
 3. By calling a Patient Financial Advocate at 320-484-4493 or 800-454-3903 (this number can also be located on your billing statement).
 4. Online at www.hutchhealth.com

IV. Reasonable Efforts and Extraordinary Collection Actions (ECAs)

- A. Hutchinson Health shall make reasonable efforts to assist patients in resolving their bills. Patients or their guarantors are responsible for understanding their insurance coverage and for providing needed documentation to aid in the insurance collection process. All

Hutchinson Health patients have the opportunity to apply for financial assistance at any time throughout the collection process.

Before engaging in ECAs to obtain payment for care, Hutchinson Health must make certain reasonable efforts to determine whether an individual is eligible for financial assistance under our financial assistance policy:

1. ECAs may begin only when 120 days have passed since the first post-discharge statement was provided.
 2. If an ECA has commenced during the application period (which is after 120 days and before 240 days of the first post-discharged statement) and the patient has submitted an application for financial assistance, Hutchinson Health will process the application.
 - a. During the application period, all ECAs will hold until an eligibility determination has been made.
 - i. If the patient qualifies for a full financial assistance discount (100%), the ECAs will stop.
 - ii. If the patient qualifies for a partial financial assistance discount, ECAs will resume collecting on the remaining patient balance after notifying the patient of the discount and their balance due.
 - iii. If the patient has made payments that exceed the amount he or she is determined to be personally responsible for paying as a FAP-eligible individual, the patient will be refunded the excess.
 3. If the financial assistance application is not complete and sufficient information has not been provided by the patient, a written notice will go out to the patient describing the information needed to finish the application. The written notice will inform the patient that they have thirty (30) days in which to provide that information before ECAs will resume.
- B. After making reasonable efforts to determine financial assistance eligibility as outlined above, Hutchinson Health (or its authorized business partners) may take any of the following ECAs to obtain payment for care:
1. Garnish wages
 - a. The Patient Financial Services Manager and Chief Financial Officer must review and authorize any garnishments before pursued by a collection attorney. Prior to authorizing any garnishments, they will verify that:
 - i. There is a reasonable basis to believe that the patient owes the debt.
 - ii. All known third-party payers have been properly billed, and any remaining debt is the financial responsibility of the patient.
 - iii. The patient has been offered a reasonable payment plan.
 - iv. The patient has been given a reasonable opportunity to submit an application for financial assistance.

- b. All garnishment notices sent to patients will provide a statement including the phone number for the Minnesota Attorney General's Office that patients may contact if they believe their concerns have not been adequately addressed.
 - c. A patient judgment must be obtained before any wages can be garnished.
 - d. Any written claims from the patient stating they are exempt from the garnishment must be reviewed by the Patient Financial Services Manager before garnishment may be pursued by the attorney.
2. Litigation/Place a lien on property
- a. The Patient Financial Services Manager and Chief Financial Officer must review, authorize and sign pleadings for any debt collection litigation before pursued by its collection attorney. Prior to authorizing litigation, they will verify that:
 - i. There is a reasonable basis to believe that the patient owes the debt;
 - ii. All known third-party payers have been properly billed, and any remaining debt is the financial responsibility of the patient
 - iii. The patient has been offered a reasonable payment plan
 - iv. The patient has been given a reasonable opportunity to submit an application for financial assistance in accordance with Hutchinson's FAP
 - b. Lawsuits brought against patients must be filed within seven days after the lawsuit has been served upon the patient. Any attorney representing Hutchinson Health must be familiar with, and agree to comply with, the specific requirements in Hutchinson Health's agreement with the Minnesota Attorney General relating to the collection of debt from patients via litigation.
 - c. All cover letters serving lawsuits on patients will provide a statement including the phone number for the Minnesota Attorney General's Office that patients may contact if they believe their concerns have not been adequately addressed.
 - d. Prior to proceeding with a default judgment against a patient, the Patient Financial Services Manager and the Chief Financial Officer must verify that there is no reasonable basis to believe:
 - i. That the patient may already consider that he or she has adequately answered the complaint by calling or writing to Hutchinson, its debt collection agency, or its attorney
 - ii. That the patient is sick, disabled, infirm or so elderly so as to potentially render the patient unable to answer the complaint, or
 - iii. The patient may not have received service of the complaint.
 - e. Hutchinson Health will not allow any debtor to be arrested as a result of the debtor's failure to appear in court, complete paperwork or respond to any request or action with the attempt to collect medical debt.

- f. If Hutchinson Health has any knowledge of the identity of any attorney representing a patient in connection with Hutchinson Health collection efforts, we will notify our debt collection attorney.
 3. Terminating care for nonpayment, consistent with the procedure set forth in Section C below.
- C. Hutchinson Health and its agents are prohibited from reporting any patient to a credit reporting agency, causing arrests or detainment, foreclosing on real property or other personal property, as a result of failure to pay a bill.

If a patient has an outstanding balance for previously provided care, Hutchinson Health may engage in the ECA of deferring, denying, or requiring payment before providing additional medically necessary (but non-emergent) care only when the following steps are taken:

1. Hutchinson Health provides the patient with a FAP application and a plain language summary of the FAP.
2. Hutchinson Health provides a written notice indicating the availability of financial assistance and specifying any deadline after which a completed application for assistance for the previous care episode will no longer be accepted. This deadline must be at least 30 days after the notice date or 240 days after the first post-discharge billing statement for prior care—whichever is later.
3. Hutchinson Health makes a reasonable effort to orally notify the individual about the financial assistance policy and explain how to receive assistance with the application process.
4. Hutchinson Health processes on an expedited basis any FAP applications for previous care received within the stated deadline

Hutchinson Health’s Audit/Compliance Committee of the Board of Directors is ultimately responsible for determining whether Hutchinson Health and its business partners have made reasonable efforts to determine whether an individual is eligible for financial assistance. This body also has final authority for deciding whether the organization may proceed with any of the ECAs outlined in this policy.

V. **Collection Correspondence**

The collection agency and any attorney collecting debt will keep a record of the date, time, and purpose of all communications to or from Hutchinson Health patients. All correspondence from Hutchinson Health seeking collection of medical debt from patients will contain at a minimum the following information set forth in a clear and conspicuous manner:

- A. A local or toll-free number patients may call to question or dispute bills
- B. An address to which patients may write to question or dispute bills
- C. Reference to the availability of the FAP, including a telephone number and website where additional information about the FAP can be obtained.
- D. All collection and payment plan letters along with patient statements, where the document is requesting payment on self-pay balances from Hutchinson Health located in Minnesota, must include the following language: “If you feel that your concerns have not been addressed,

please contact our Business Office at one of the phone numbers listed below to first allow us the opportunity to try to address your concerns. If you continue to have concerns that have not been addressed, you may contact the Minnesota Attorney General's Office, at 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.

VI. FINANCIAL ASSISTANCE

All billed patients will have the opportunity to contact Hutchinson Health regarding financial assistance for their accounts, payment plan options, and other applicable programs.

Hutchinson Health's financial assistance policy is available free of charge. A copy can be obtained:

- i. In person at any registration desk or Patient Financial Advocate office at
Hutchinson Health
1095 Highway 15 South
Hutchinson MN 55350
- ii. By calling a Patient Financial Advocate at 320-484-4493 or mailing a request to
Hutchinson Health
PO Box 850
Minneapolis, MN 55480-0850
- iii. Online at <https://hutchhealth.com/patients-visitors/billing-and-insurance/>

Individuals with questions regarding Hutchinson Health's financial assistance policy may contact a Patient Financial Advocate office by phone at 320-484-4493 or in person at 1095 Highway 15 South Hutchinson MN 55350. They are available Monday - Friday 8:00 AM - 4:30 PM or by appointment.

VII. PATIENT CONCERNS AND COMPLAINTS

Hutchinson Health strives to provide patients with assistance in meeting their financial obligations by providing timely, clear and accessible information regarding their bills. Telephone calls to the Business office by patient should be returned within one business day. Written correspondence including emails and faxes from patient shall be responded to within ten business days. Response can be made by phone or in writing.

When a patient requests further information or challenges their balance, further collection efforts by Hutchinson Health, an external collection agency and/or any attorney utilized by Hutchinson Health must be suspended until the requested documentation is provided. Complaints and disputes must be documented using the online reporting system found on Hutchinson Health Intranet.

Collection activity on accounts that are directly related to the patient complaint should be suspended for 30 days after the complaint has been resolved. All inquiries should be investigated and resolved within 30 days. If an inquiry cannot be fully resolved within 30 days, the patient should be notified by the 30th day of the status of the inquiry and be given a reasonable estimate of the time needed for resolution.

If a patient advises Hutchinson Health that the patient does not owe all or part of a bill, a third-party payer should pay the bill or otherwise requests documentation to substantiate the bill:

- A. Hutchinson Health must respond to the patient's concern, verbally or in writing, to establish that the patient owes the debt or that the applicable third-party payer has already paid all amounts for which it is obligated.
- B. If the patient is providing new insurance information, Hutchinson Health will bill the appropriate third-party payer.
- C. Upon receiving an inquiry or requests for documentation, Hutchinson Health will respond within ten (10) days of receiving such and shall not pursue further collection activity for a period of 30 days allowing time for the patient to review documentation and contact Hutchinson Health with questions.
- D. If Hutchinson Health provides the required documentation and the patient does not respond within 30 days, Hutchinson Health may resume collection activity.

VIII. MONITORING AND MEASURING PERFORMANCE

Metrics to monitor the effectiveness of and compliance with this policy will be developed and include:

- A. Tracking of self-pay accounts referred to collection agency and the collection rate of those accounts will be monitored by the Patient Financial Services Manager.
- B. Average age of self-pay accounts receivable will be reviewed monthly to ensure that accounts are being moved through the collection process timely while balancing the need for financial stewardship. This will be monitored by the Patient Financial Services Manager.
- C. Additional monitoring and auditing activities will be performed as needed to ensure compliance with applicable state and federal regulations and additional requirements.

IX. STAFF TRAINING

A staff training program is essential for successful customer service and collection interactions:

- A. Training should highlight Hutchinson Health expectations for treating patients with dignity along with acceptable collection scripts and information necessary to effectively inform patients regarding the FAP.
- B. Staff responsible for collecting self-pay accounts, (pre or post service) should be trained on customer service, account negotiation/resolution and collection skills.

X. EQUAL OPPORTUNITY

When making decisions throughout the collection process, Hutchinson Health is committed to upholding the multiple federal and state laws that preclude discrimination on the basis of race, sex, age, religion, national origin, marital status, sexual orientation, disabilities, military service or any other classification protected by federal, state, or local laws.

XI. CONFIDENTIALITY

Each Hutchinson Health entity will meet applicable state and federal requirements for handling personal health information.

RELATED DOCUMENTS:

PFS-F08 Enterprise FA Application Final ENG 5420
PFS-F07 Enterprise FA Application Final SPAN 5421
PFS-P10 Financial Assistance Policy (FAP) ENG
PFS-P09 Financial Assistance Policy (FAP) (Spanish)
PFS-P08 Financial Assistance Policy (FAP) 501(r) Plain Language Summary SPAN
PFS-P07 Financial Assistance Policy (FAP) 501(r) Plain Language Summary ENG
PFS-REF01 Hutchinson Health Provider List Appendix (English)
PFS-REF02 Hutchinson Health Provider List Appendix (Spanish)

REFERENCE MATERIALS: Not Applicable

ADDITIONAL INFORMATION: Not Applicable

COMMITTEE/POLICY SPONSOR OR OWNER APPROVAL:

HUTCHINSON HEALTH'S BOARD OF DIRECTORS AUDIT/COMPLIANCE COMMITTEE

- A. Annually the Committee (which includes the CEO) will review:
 - 1. The practices of Hutchinson Health's debt collections litigation against its patients;
 - 2. The debt collection activity of its third party debt collection agency; and
 - 3. The debt collection activities of its internal debt collectors.
 - 4. Hutchinson Health's compliance with the agreement with the State of Minnesota Attorney General.

5. The results of the Patient Financial Services Manager and Chief Financial Officer's review of:
 - a. Hutchinson Health's contract with its third party collection agency;
 - b. The practices of its third party collection agency and debt collection attorney, including their compliance with this policy; and
 - c. Hutchinson Health's Charity Care practices.