

**SWEDISHAMERICAN / A DIVISION OF UW HEALTH
POLICY AND PROCEDURE MANUAL**

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| SECTION ADMINISTRATION CORPORATE | POLICY NUMBER 10-950.200.0 | |
| | EFFECTIVE DATE 9/21/2021 | |
| NAME Patient Billing and Collections Policy | SUPERSEDES N/A | DATED N/A |
| | REVIEW DATE 9/21/2024 | |

I. KEYWORDS:

- A. **Bad Debt Accounts:** Accounts that have been determined to be uncollectible because the patient has been unwilling to pay for their medical care.
- B. **Emergency Care:** Immediate care provided by a hospital facility for emergency medical conditions that is necessary to prevent putting a patient’s health in serious jeopardy, serious impairment to bodily functions, and/or serious dysfunction of any organs or body parts.
- C. **Extraordinary Collection Actions (ECAs):** A list of collection activities, as defined by the United States Internal Revenue Service (IRS), 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 described in Section IV of this policy and include actions such as reporting adverse information to credit bureaus/reporting agencies along with legal/judicial actions such as garnishing wages. For purposes of clarity, the following actions are not ECAs:
 - a. Any lien that SwedishAmerican is entitled to assert under state law on the proceeds of a judgment, settlement, or compromise owed to a patient (or his or her representative) as a result of personal injuries for which SwedishAmerican provided care.
 - b. The filing of a claim by SwedishAmerican in any bankruptcy proceeding.
- D. **Financial Assistance Policy (FAP):** SwedishAmerican’s administrative policy that describes SwedishAmerican’s financial assistance program and meets the requirements of 26 C.F.R. § 1.501(r) 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.
- E. **Federal Poverty Level (FPL):** A federal poverty measure issued each year in the *Federal Register* by the Department of Health and Human Services (HHS). These guidelines are a simplification of the poverty thresholds used for administrative purposes in determining financial eligibility for SwedishAmerican’s FAP as well as certain federal and state programs.
- F. **Gross Charges:** The full, established price for medical care that SwedishAmerican consistently and uniformly charges patients before applying any discounts, contractual allowances, or deductions.
- G. **Medically Necessary:** Those services required to identify or treat an illness or injury that is either diagnosed or reasonably suspected to be necessary, taking into account the most appropriate level of care.
 - a. Depending on a patient’s medical condition, the most appropriate setting for the provision of care may be a home, a physician’s office, an outpatient facility, or a long-term care, rehabilitation or hospital bed. In order to be medically necessary, a service must:
 - i. Be required to treat an illness or injury;
 - ii. Be consistent with the diagnosis and treatment of the patient’s conditions;
 - iii. Be in accordance with the standards of good medical practice; and
 - iv. Be that level of care most appropriate for the patient as determined by the patient’s medical condition and not the patient’s financial or family situation.
 - b. The term “medically necessary” does not include services provided for the convenience of the patient or the patient’s physician, or elective health care. For purposes of this policy, SwedishAmerican reserves the right to determine, on a case-by-case basis, whether the care

and services provided to a patient meet the definition and standard of “medically necessary” for the purpose of eligibility for financial assistance.

- H. **Medically Urgent:** Patient has an acute injury or illness that poses and immediate risk to the person’s life, limb, or sight. Care cannot be delayed, or patient safety would be compromised.
- I. **Patient:** For purposes of this policy, patient will be defined as person responsible for the payment of the bills which sometimes will be the guarantor of the account.
- J. **Reasonable Efforts:** The actions SwedishAmerican takes to determine whether a patient is eligible for financial assistance under SwedishAmerican’s FAP before engaging in extraordinary collection actions. Reasonable efforts may include making presumptive determinations of eligibility for full or partial assistance, as well as providing individuals with written and oral notifications about the FAP and application processes, consistent with this policy.
- K. **Third Party Payers** - Any party issuing payment on behalf of a patient to include but not limited to: insurance companies, Workers’ Compensation, governmental plans such as Medicare and Medicaid, State/Federal Agency plans, Victim’s Assistance, etc., or third-party liability resulting from automobile or other accidents.
- L. **Underinsured:** Insured patients whose out-of-pocket medical costs exceed their ability to pay.
- M. **Uninsured:** Patients with no insurance or third-party assistance to help resolve their financial liability to healthcare providers for a particular service.
- N. **Uninsured discount:** A discount offered to patients without health insurance coverage. The hospital's charges multiplied by the uninsured discount factor.
- O. **Uninsured discount factor:** 1.0 less the product of a hospital's cost to charge ratio multiplied by 1.35.

II. PURPOSE:

SwedishAmerican recognizes the cost of necessary health care services can impose a financial burden on patients who are uninsured or underinsured. SwedishAmerican also recognizes the billing and collection process is complex and has implemented procedures to make the process more understandable for patients. The goal of this policy is to provide clear and consistent guidelines for conducting billing and collections functions in a manner that promotes patient satisfaction, operational efficiency and compliance with law.

Through the use of billing statements, written correspondence, MyChart, and phone calls, SwedishAmerican will make diligent efforts to inform patients of their financial responsibilities and available financial assistance options. Additionally, SwedishAmerican will make reasonable efforts to determine a patient’s eligibility for financial assistance under our Financial Assistance Policy 20.950.1457 before engaging in extraordinary collection actions to obtain payment.

III. SCOPE:

This policy describes the billing, payment and collection processes applicable to services provided to SwedishAmerican patients. After patients have received services, it is SwedishAmerican’s goal to bill patients and applicable payers accurately and in a timely manner. During this billing and collections process, SwedishAmerican staff and its agents will provide quality customer service and timely follow-up. Consistent with these commitments, SwedishAmerican acts in accordance with this billing and collection policy to comply with (a) the Centers for Medicare & Medicaid Services Medicare Bad Debt Requirements (42 CFR § 413.89), (b) the Medicare Provider Reimbursement Manual (Part I, Chapter 3), (c) the Internal Revenue Code Section 501 (r), and (d) other applicable law. From time-to-time SwedishAmerican may make exceptions to this policy as deemed appropriate by the SwedishAmerican Vice President of Revenue Cycle (in consultation with the Chief Financial Officer).

IV. PRACTICE**A. Patient Billing Practices**

- a. All patients will be billed for any balances after insurance and will receive a statement as part of the organization's normal billing process. Patients may request an itemized statement for their accounts at any time.
- b. SwedishAmerican will identify patients eligible for its FAP and will bill patients at the discounted rate in which they have qualified for the program.
- c. For insured patients, SwedishAmerican will bill applicable third-party payers based on information provided by or verified by the patient. Insured patients will be billed for their respective liability amounts as determined by the third-party payer and/or SwedishAmerican.
- d. SwedishAmerican may approve payment plan arrangements for patients who indicate they may have difficulty paying their balance in a single installment. SwedishAmerican 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 payments or has defaulted on an established payment plan.
- e. SwedishAmerican may provide any written notice or communication described in this policy electronically to any patient. All patients will receive mailed written communication prior to any ECAs.

B. Collections Practices

- a. SwedishAmerican will provide reasonable options for patients who are making a good faith effort to pay their bills. However, SwedishAmerican expects patients to pay the amounts due for health care services provided and will pursue collections when necessary. In compliance with relevant state and federal laws, and in accordance with the provisions outlined in this policy, SwedishAmerican may engage in collection activities—including ECAs—to collect outstanding patient balances. SwedishAmerican may:
 - i. Initiate general collection activities, such as statements, letters and/or follow-up calls.
 - ii. Refer patient balances to a third party for collection at the discretion of SwedishAmerican. SwedishAmerican will maintain ownership of any debt referred to debt collection agencies. Patient accounts will be referred for collection under the following circumstances:
 1. There is a reasonable basis to believe the patient owes the debt.
 2. Known third-party payers have been properly billed, and the remaining debt is the financial responsibility of the patient.
 - iii. Prevent a patient who has outstanding balances in bad debt from scheduling non-urgent or non-emergent services unless prepayment for these future services has been obtained.
- b. SwedishAmerican will not:
 - i. Refer a balance for collection while a claim on the account is still pending payer payment. However, SwedishAmerican will attempt to resolve the balance with the third-party payor and engage patients in their account resolution as needed. However, after exhausting reasonable efforts, (e.g., appeals, payor outreach, state and federal agencies, etc.) SwedishAmerican may assign financial liability for any outstanding third-party balances to the patient.
 - ii. Knowingly refer accounts for collection due to a SwedishAmerican error.
 - iii. Refer accounts for collection when the patient has a pending application for financial assistance or other SwedishAmerican-sponsored program provided the patient has complied with the timeline and information requests described in the application process.

- c. Payment is expected in accordance with SwedishAmerican's Payment Collections Policy 10.950.199. SwedishAmerican's intent is to collect all foreseen patient financial liabilities prior to the services being rendered or to proactively identify patients who need to set-up payment arrangements or need financial assistance to meet these financial obligations. This includes payment of co-pays, and co-insurance, and/or deductibles before or at the time-of-service SwedishAmerican may also require full payment prior to rendering services from self-pay patients, insured patients, seeking care outside of their network and without prior authorization, or other cases outlined in Policy 10.950.199.
 - i. SwedishAmerican accepts cash, checks, and credit or debit cards as forms of payment.
 - ii. Payment in full of the account balance is due 21 days after receiving the first bill.
 - iii. Payment plans may be arranged if a patient cannot pay in full. Arrangements longer than 12 months may require submission of a Financial Assistance application for consideration.
 - iv. If a patient check is returned to SwedishAmerican for insufficient funds, a returned check fee will be applied to the outstanding balance.
- d. SwedishAmerican will not engage in ECAs against a patient to obtain payment for care until making reasonable efforts to make the patient aware of the availability of financial assistance and the process for applying for financial assistance. Once reasonable efforts have been exhausted, ECAs taken by SwedishAmerican or a third-party agency against a patient related to obtaining payment of a bill for care covered under SwedishAmerican's FAP may include:
 - i. Reporting unpaid accounts to consumer credit reporting agencies or credit bureaus.
 - ii. Actions that require a legal or judicial process, including but not limited to:
 - 1. Filing judicial or legal action;
 - 2. Commencing a civil action against a patient;
 - 3. Garnishing of wages; and
 - 4. Obtaining judgment liens and executing upon such judgement liens using lawful means of collection.
 - iii. Preventing a patient who has outstanding balances in bad debt from scheduling non-urgent or non-emergent services unless prepayment for this future service has been obtained.
- e. SwedishAmerican may begin ECAs at least 120 days after providing the first post-discharge billing statement to a patient. In addition, SwedishAmerican shall do the following at least 30 days before initiating ECAs:
 - i. Provide the patient with a written notice (ECA Notice) indicating the availability of financial assistance, listing potential ECAs that may be taken to obtain payment for care, and giving a deadline after which ECAs may be initiated.
 - ii. Provide a plain-language summary of the FAP to the patient.
 - iii. Attempt to notify the patient orally about their balances, make payment arrangements and/or discuss the FAP and how he or she may obtain assistance with the application process.
- f. If a patient's eligibility for financial assistance is undetermined, then SwedishAmerican will refrain from initiating ECAs for at least 120 days from the date of the patient's first post discharge billing statement, and no earlier than the deadline provided to the patient in the ECA Notice. In addition:
 - i. If a patient submits a complete financial assistance application at any time within the FAP application period, then SwedishAmerican or its debt collection agency must suspend any ECAs, determine the patient's eligibility for financial assistance, and notify the patient whether financial assistance is available.

1. If the patient is eligible for financial assistance but not eligible for free care, then SwedishAmerican must provide the patient with a statement indicating the amount that the patient owes.
 2. If the patient is eligible for financial assistance, SwedishAmerican will reverse any previously taken ECAs, and refund any amount on any open accounts that he or she has paid for care over and above the approved discount within the past 8 months, unless amount is less than \$5.
- ii. If the patient submits an incomplete FAP within the application period, SwedishAmerican will notify the patient the application is incomplete and suspend any ECAs for 30 days until the patient completes the financial assistance application, returns any outstanding documents and SwedishAmerican determines that the patient is eligible. If the application remains incomplete after 30 days from the date of notification SwedishAmerican may initiate ECAs.
- g. For patients who have had multiple episodes of care, SwedishAmerican may satisfy the notification requirements under this policy simultaneously. If SwedishAmerican aggregates a patient's outstanding bills for multiple episodes of care, it may not initiate the ECA(s) until after the application period for the most recent episode of care.
 - h. In addition, SwedishAmerican will have made reasonable efforts to determine whether an individual is FAP eligible for care if upon receiving a complete FAP application from an individual who the hospital believes may qualify for Medicaid, the hospital postpones determining whether the individual is FAP eligible for care until the individual's Medicaid application has been completed, submitted and a determination as to the individual's Medicaid eligibility has been made.
 - i. If a patient has any outstanding balances, in bad debt, for previously provided care, SwedishAmerican may engage in the ECA of deferring care or requiring prepayment before providing additional medically necessary (but non-emergent) care only when:
 - i. SwedishAmerican makes a reasonable effort (as described above) to notify the individual both orally and in writing about the financial assistance policy and explains how to receive assistance with the application process.
 - ii. SwedishAmerican processes on an expedited basis any FAP applications for previous care received within the stated deadline.

C. Financial Assistance

- a. Patients with incomes up to and including 600% of the FPL may be eligible for higher discounts through the SwedishAmerican FAP. See separate Financial Assistance Policy 20.950.1457 for additional information.

D. Customer Service

- a. The SwedishAmerican Revenue Cycle staff seeks to provide the highest quality service to our customers. It is important that SwedishAmerican customers see us as an organization that is friendly, knowledgeable, flexible, and reliable. SwedishAmerican Revenue Cycle tries to listen to, anticipate, recognize, and satisfy SwedishAmerican's customer's needs, with the goal of improving collections while demonstrating commitment to Patient- and Family-Centered Care through respect, knowledge, responsiveness, and courtesy.
- b. Staff will make best efforts to respond to and document patient inquiries according to these service standards:
 - i. Correspondence - Follow-up within 3 business days from receipt of correspondence
 - ii. Patient Email - Follow-up within 1 business day
 - iii. MyChart Messages - Follow-up within 1 business day
 - iv. Phone/Voice Mail – Return calls the same working day when possible

E. Regulatory Requirements

- a. In implementing this policy, SwedishAmerican shall comply with all other federal, state, and local laws, rules, and regulations that may apply to activities conducted pursuant to this policy.

VII. REFERENCES

SwedishAmerican Administrative Policy 20.950.1457 - Financial Assistance Presumptive Eligibility
SwedishAmerican Administration Policy 10.950.199 – Payment Collections Policy

Commented [DSM1]: Would need to update if new FAP number when policy aligned

VIII. AUTHORITY

Issued and approved by the President and Chief Executive Officer.

Thomas D. O'Connor, President and Chief Executive Officer

Date