




## POLICY

<b>Policy Name:</b>	Guarantor Billing and Collections Policy				
<b>Policy #:</b>	8227.1000	<b>Policy Dept.:</b>	Patient Financial Services	<b>Population:</b>	
<b>Approval Authority:</b>	Chief Financial Officer		<b>Effective:</b>	7/1/2022	<b>Reviewed:</b>
<b>Responsible Executive:</b>	Chief Financial Officer 		<b>Revised:</b>		
<b>Responsible Office:</b>	Patient Financial Services		<b>Contact:</b>	Vice President, Revenue Cycle	

### 1. Policy Statement

To establish procedures regarding collection of Guarantor accounts for patient medical care, including external collection agencies and potential legal actions, while also balancing the need for financial stewardship with needs of individual guarantors.

### 2. Who Should Read This Policy?

All EHS Employees

### 3. Purpose

To define the process and timelines of Erlanger Health System billing and collections for guarantor medical accounts.

### 4. Definitions

**Bad Debt:** Uncollected Guarantor financial liabilities that have not been resolved at the end of the guarantor's Billing Cycle.

**Billing Cycle:** The time period during which Erlanger will send billing statements seeking payment from a guarantor on amounts which are classified as self-pay. In the instance in which an account is referred for a payment plan, the Billing Cycle will include the period in which the payment plan provider invoices the guarantor for self-pay amounts. The Billing Cycle will last no less than 120 days from the date of the first post-discharge billing statement.

**Co-insurance:** An amount the insured guarantor is required to pay; payment is usually in the form of a stated percentage of medical expenses after a deductible amount is paid. Once any deductible amount and co-insurance is paid, the insurer is responsible for the rest of the reimbursement for covered benefits up to allowed charges. Co-insurance rates may differ depending on the type of service.

**Co-pay:** A fixed amount a health insurance plan requires an insured guarantor to pay when a medical service is received; a separate copayment may be required for different services.

**Deductible:** A fixed dollar amount (usually within a calendar year) the insured guarantor is required to pay before the insurer will cover any medical expenses/services. Insurance plans may have both individual and family deductibles.

**Emergency Treatment and Active Labor Act:** An Act of Congress that requires hospitals to provide care to anyone in need of emergency healthcare treatment regardless of citizenship, legal status or ability to pay. Participating hospitals may only transfer or discharge guarantors needing emergency treatment under their own informed consent, after stabilization, or when their condition requires transfer to a hospital better equipped to administer the treatment.

**Erlanger:** For purposes of this policy, "Erlanger" includes Baroness-Erlanger Hospital, Children's Hospital at Erlanger, Erlanger East Hospital, Erlanger North Hospital, Erlanger Bledsoe Hospital, Erlanger Western Carolina Hospital, Erlanger Community Health Centers, Erlanger Rural Health Clinics and the walk-in Clinic at Volkswagen Drive. "Erlanger" for purposes of this policy does not include Erlanger-branded ExpressCare or Erlanger Behavioral Health Hospital.

**Extraordinary Collection Actions (ECAs):** Actions which require a legal or judicial process, or that involve selling a debt to another party or reporting adverse information to credit agencies or bureaus. Actions that require legal or judicial process may include: certain liens, foreclosure on real property, attachment or seizure of a bank account or other personal property, commencement of a civil action, contempt proceedings for an individual's arrest or body attachment and wage garnishments.

**Financial Assistance:** Free medical care provided to eligible Guarantors. For more information about the assistance available from Erlanger, including eligibility guidelines and how to apply, please see Financial Assistance, Payment Plans and Uninsured Discount, Policy No. 8227.038.

**Financial Advocate:** An Erlanger representative responsible for assisting Guarantors with identifying and applying for public fund options (Medicare, Medicaid, etc.). These representatives also assist in the Financial Assistance application and determination process.

**Guarantor:** Person or entity legally responsible for the payment of a patient's medical care. The guarantor typically is the patient or the parents/guardians of the patient.

**Medically Necessary Care:** Services or supplies that: (1) are proper and needed for the diagnosis or treatment of a medical condition; (2) are provided for the diagnosis, direct care, and treatment of a medical condition; (3) meet the standards of good medical practice in the local area; and (4) aren't mainly for the convenience of you or your doctor. For purposes of this policy Medically Necessary Care does not include cosmetic/plastic, elective, bariatric surgery, transplant services, or services provided at "flat-rate" pricing.

**Payment Plan:** A system by which payment for health services is made in installments over a fixed period of time. Erlanger offers payment plan options through a third-party vendor, who establishes and maintains these interest-free plans until account balances are paid in full.

**Uninsured:** A person is uninsured if he or she has no health insurance and no third-party liability/recovery (such as legal claim or lawsuit against someone else) or other assistance in meeting his or her medical payment obligations. In other words, an uninsured person is a person who is solely responsible for the full balance of his or her own medical bills without any discounts or reductions due to a contractual relationship with an insurance company or government benefit plan and without an enforceable obligation against another person or entity for the payment of such medical bills. When insurance coverage for a specific service is denied because of a lack of coverage, a person may be considered uninsured for purposes of that service.

## 5. The Policy

In keeping with its charitable purpose and fiscal responsibility, Erlanger pursues collection of outstanding balances for patient medical debts and services from Guarantors. Collection procedures will be applied

consistently and fairly for all Guarantors regardless of insurance status, race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, or political beliefs. All collections procedures will comply with applicable state and federal laws, regulations and internal Erlanger policies.

Erlanger strives to assist all Guarantors in meeting their financial obligation for medical debt prior to enlisting the assistance of Erlanger Internal Legal Collections (“EHS Legal”) or an external collection agency. Placement of an account with an external collections agency will occur after the Billing Cycle is complete and reasonable efforts have been made to: (1) collect the debt or set up a payment plan; and (2) determine if the Guarantor is eligible for Financial Assistance.

**Billing and Collections Workflow and Timeline:**

It is the policy of Erlanger to resolve all Guarantor balances in a timely and accurate manner in accordance with the established guidelines. The following table identifies the steps taken to bill and collect debt during the post-discharge Billing Cycle, prior to an account debt being labelled Bad Debt. Erlanger may engage a third-party vendor to perform any or all of the identified tasks.

Uninsured	Balance After Insurance (Insured)
Day 1: 1 <sup>st</sup> Billing Statement Mailed	Day 1: 1 <sup>st</sup> Billing Statement Mailed
Day 30: 2 <sup>nd</sup> Billing Statement Mailed	Day 30: 2 <sup>nd</sup> Billing Statement Mailed
Day 60: 3 <sup>rd</sup> Billing Statement Mailed	Day 60-120: Account Assigned to third-party payment plan vendor to establish payment arrangements. <sup>1</sup>
Day 90: 4 <sup>th</sup> and Final Billing Statement Mailed	
Day 120: Account Assigned to Bad Debt if no mutually agreeable payment arrangement is set or account is not paid in full.	Day 120+: Account Assigned to Bad Debt if no mutually agreeable payment arrangement is set or account is not paid in full.

Phone calls and text messages may be initiated at any point in the Billing Cycle or after the account is labelled “Bad Debt.”

Erlanger makes the following efforts to collect outstanding debt prior to labelling an account as Bad Debt:

- Erlanger offers a streamlined process for guarantors to question or dispute bills, including a toll free phone number guarantors may call and an address to which they may write. Contact information is included on all guarantor bills and collection notices sent by Erlanger or EHS Legal.
- Erlanger engages in Guarantor contact during the billing cycle, including telephone calls and text messages.
- Erlanger automatically refers certain accounts to a third-party vendor to establish payment plans, but it will refer any account upon request.

Once an account has been identified as Bad Debt, the Patient Financial Services Department will transfer the account to EHS Legal or the appropriate external collections agency based on the age and balance on the account. The account will no longer appear on billing statements or in the online patient access portal.

Erlanger, EHS Legal or an external collection agency may take any of the collection actions authorized by this policy to collect on outstanding debt. Collection procedures for each account may vary; resources will be allocated based on balance size, aging, past collection experience and anticipated collectability. At least 30 days before any ECA is taken, a notice of the intended ECA with a summary of the Financial Assistance policy will be sent to the Guarantor. If an ECA is taken, such collection action may be for all outstanding accounts that are still open 120 days after the first billing statement on that account. To avoid any confusion, however, no ECA will be initiated on any account prior to 120 days after the date of the first post-discharge

<sup>1</sup> If the third-party vendor rejects an account, that account may follow the “Uninsured” workflow.

billing statement for that account.

All ECAs will be suspended for a Guarantor while his or her application for Financial Assistance is pending. If a Guarantor is approved for Financial Assistance, any ECA will cease and any funds paid by the individual Guarantor on the relevant accounts will be refunded to the Guarantor. Note, Financial Assistance is applied to the account balance remaining **after** application of any insurance or other third-party payments.

EHS Legal and external collection agencies may assist in billing and collection efforts outside of the standard Workflow and Timeline outlined in this policy as needed, such as, but not limited to, assisting when Guarantors are uncooperative in making payments, have not made appropriate payment arrangements, or have been unwilling to provide reasonable financial and other data to support request for Financial Assistance.

### **Financial Assistance Eligibility**

Erlanger and EHS Legal make reasonable efforts to determine if a Guarantor is eligible for Financial Assistance and to notify Guarantors about the availability of Financial Assistance, both before and after an account is labelled as Bad Debt. Specifically:

- Guarantors are verbally notified about the Financial Assistance Policy (FAP) as part of the intake procedure, and when appropriate, they sign acknowledgements on the Consent for Admission.
- Financial Advocates discuss Financial Assistance and other programs with those Guarantors identified as being in the greatest need.
- Prior to sending the first billing statement, the Uninsured are screened for presumptive eligibility for free care.
- Billing statements notify Guarantors about the availability of Financial Assistance and the website where a copy of the FAP can be obtained.
- Signage throughout the Emergency Department and admission areas notifies Guarantors about the existence of Financial Assistance.
- Notices of intended ECAs with a plain language summary of the Financial Assistance policy are provided at least 30 days prior to any ECA, reminding Guarantors of the availability of Financial Assistance.

All reasonable efforts will be made to determine if a Guarantor is eligible for Financial Assistance; the Vice President of Revenue Cycle, or his or her designee, will authorize ECAs in compliance with this policy and applicable law.

### **Authorized Collection Actions**

Erlanger, EHS Legal or its designated vendor, may engage in the following actions to collect amounts owed on Guarantor accounts for a patient's medical care:

- sell past-due accounts;
- file proofs of claim in Bankruptcy cases;
- assert claims in Probate;
- file liens against lawsuit proceeds;
- send paper statements and notices, text messages and emails regarding outstanding accounts;
- make phone calls regarding outstanding accounts;
- request payment of outstanding balances at check-in;
- report adverse information to credit bureaus/agencies;
- file lawsuits, wage garnishments and property liens;
- engage in alternative dispute resolution; and
- any action allowed under applicable law unless explicitly prohibited by this policy.

Erlanger, EHS Legal and its external collections agencies **will not** engage in the following when collecting on Guarantor accounts for a patient's medical care:

- require payment on past-due accounts prior to rendering emergency or Medically Necessary Care;
- require payment for services prior to rendering care in emergent situations governed by EMTALA;
- foreclose on a Guarantor's primary residence;
- garnish or attach personal consumer bank accounts;
- seek bodily attachment or arrest on account of failure to pay outstanding debt;
- report adverse credit information if the total, aggregate amount owed by a Guarantor on all accounts is less than \$10.00; or
- initiate a lawsuit (other than filings in bankruptcy, probate or to record/enforce a hospital lien) to collect on Bad Debt accounts if the total, aggregate amount owed by the Guarantor on all accounts (including accounts for which the Guarantor may be fiscally responsible through statute or common law) is less than \$400.00.

### **Other Guarantor Billing and Collection Provisions**

#### Guarantor Responsibilities

Erlanger strives to clearly communicate with Guarantors regarding financial expectations as early in the appointment and billing process as possible. Guarantors are responsible for understanding their insurance coverage, including network classifications, and for providing the needed information and documentation to aid in the insurance claims and collection process. Guarantors are responsible for paying all amounts not paid by their insurance companies. Guarantors may be required to pay a deposit or estimated co-pays, co-insurance and deductibles prior to services being rendered (except in emergent situations governed by EMTALA); these amounts, however, may also be collected after services are rendered.

#### Use of External Vendors

All external collection agency staff will uphold the confidentiality of each Guarantor. External agencies will meet HIPAA requirements for handling personal health information and will follow Erlanger policies regarding Guarantor collection efforts.

#### Use of Credit-Type Reports and Other Sources

Erlanger utilizes credit-type reports and other sources to screen for Financial Assistance, predict collectability and verify information provided by Guarantors, including contact information. Erlanger may also use any information provided by a Guarantor to assist in collection, including contact information and information provided as part of the application for Financial Assistance.

A free copy of this policy can be found at [www.erlanger.org/fap](http://www.erlanger.org/fap). Additionally, a paper copy of this policy can be requested in person at all registration/admissions areas of Erlanger, as well as by mail and telephone to Patient Financial Services at:

Patient Financial Services (PFS)  
1501 Riverside Dr., Suite 105  
Chattanooga, TN 37406  
423-778-5150

Patient Financial Services (PFS)  
3990 E. US Hwy. 64 Alt.  
Murphy, NC 28906  
828-835-3662/ 828-837-3897

#### **Local Approval Committee(s) (as applicable)**

Approved by \_\_\_\_\_ Date \_\_\_\_\_

Approved by \_\_\_\_\_ Date \_\_\_\_\_

Approved by \_\_\_\_\_ Date \_\_\_\_\_

**Medical Director Approval (as applicable)**

Approved by \_\_\_\_\_ Date \_\_\_\_\_

**Policy Committee Approval (as applicable)**

Approved by \_\_\_\_\_ Date \_\_\_\_\_

**Responsible Executive Approval From Final Approval Committee**

Approved by \_\_\_\_\_ Date \_\_\_\_\_

**References:**