



Origin Date:

Last Revised Date:
Published Date

Section: Finance

Policy Number: HS-130.12

Last Reviewed Date:
10/04/2018

Title: Billing and Collections Policy

Page: 1 of 6

CORPORATE ENTITY:

- All
- Alliance, Inc.
- Family Services, Inc.
- Mosaic Community Services, Inc.
- Non-Contracted Services, LLC
- Sheppard and Enoch Pratt Foundation, Inc.
- Sheppard Pratt Health System, Inc.
- Sheppard Pratt Physicians, P.A
- Sheppard Pratt Properties, LLC
- Way Station, Inc.
- Other: _____

DEPARTMENT:

- Administrative
- All
- Clinical
- Compliance
- Corporate Governance
- Environmental Services
- Facilities Engineering
- Finance
- Food Services
- Health Information Management
- Human Resources/Occupational Health
- Infection Control
- Information Technology
- Marketing
- Medical Staff
- Public Safety
- Transportation

PROGRAM AND SERVICES:

- Care Coordination & In-Home Services
- Community & Family Supports
- Crisis & Admission
- Developmental Disability Services
- Employment & Job Training
- Housing & Homelessness Services
- Inpatient & Specialty Services
- Residential & Structured Day Services
- Schools & School-Based Services
- Therapy & Medication Management
- Not Program Related

PURPOSE:

To institute a comprehensive revenue cycle approach using accepted collection practices while giving proper attention to the rights and the dignity of persons receiving care, guarantors and other responsible parties.

POLICY STATEMENT:

Sheppard Pratt is dedicated to providing patients with the highest quality of care and services. In support of this goal, Sheppard Pratt is committed to billing patients and applicable payers accurately and in a timely manner pursuant to this Billing and Collections Policy ("Policy"). All outstanding accounts will be handled fairly and in accordance with the requirements of Code Section 501(r) and regardless of race, color, creed, religion, gender, national origin, age marital status, family status, disability or other discriminatory factors.

DEFINITIONS:

Code Section 501(r): Section 501(r) of the Internal Revenue Code of 1986 and the regulations promulgated thereunder, as amended from time to time.

Extraordinary Collection Actions (ECAs): Those collection activities defined in Code Section 501(r), 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. ECAs include selling debt, reporting adverse information to credit bureaus, lawsuits, wage garnishments, and lawsuits.

In addition to the collection action identified above, the following collection activities are prohibited by Maryland Law:

- Liens and Foreclosure actions

Number: HS-130.12	Title: Billing and Collections Policy	Page: 2 of 6
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- Wage Garnishment specifically when the patient is eligible for free or reduced cost care
- Legal action for balances under \$500
- ECA or legal action before 240 days after the first bill

Financial Assistance Policy (FAP): A separate policy that describes Sheppard Pratt's financial assistance program for medical services. This policy includes the criteria (including patient income and assets) patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance.

Maryland Law: Maryland Code Section 19-214.2, the regulations promulgated thereunder, and guidance issued by the Maryland Health Services Cost Review Commission (HSCRC), all as amended from time to time.

Responsible Party: With respect to services provided by Sheppard Pratt, the person receiving care, account guarantor, or other person responsible for paying for such services.

GUIDELINES:

- I. Payment Policy/Past Due Accounts.
 - A. For services covered by insurance, an attempt should be made to collect all co-pays and deductibles at the time of service. If the patient is unable to pay at the time of service, arrangements should be made for payment of any self-pay amounts due at the time of the visit.
 - B. All self-pay amounts due will be billed to the responsible party via a monthly statement. These amounts include unpaid co-pays and/or deductibles, co-insurance and other amounts due after insurance. The monthly statement clearly indicates the details of the services provided including type and location of services. Sheppard Pratt's Patient Financial Services contact information is listed on the statement for the responsible party's convenience.
 - C. All self-pay amounts due are expected to be paid in full by the responsible party upon receipt of the monthly statement. If the responsible party is unable to pay the full amount due, they are expected to contact the Finance Office to make suitable arrangements for payment. If the responsible party indicates a financial hardship, Sheppard Pratt's FAP, FAP application form, and plain language summary are shared with all responsible parties on the account. To accommodate payment requests, financial information may be requested and, pending a review of financial circumstances by Patient Fiscal Services, a payment plan may be offered, pursuant to requirements under Maryland Law.
 - D. If pre-collection efforts are successful but the account is not paid in full, acceptable payment arrangements will be made with Patient Fiscal Services and the account will be removed from the collection process. Those accounts which have neither responded to pre-collection efforts nor made satisfactory payment arrangements may be subject to further action pursuant to Section 3 and the timeframes provided therein. At this point, the account will be written-off to bad debt.
 - E. At the direction of revenue cycle leadership, a delinquent account may bypass both the pre-collection and collection process and be forwarded/referred directly to the attorney for collection. An account may also be removed from either the pre-collection or collection process at any time upon the direction of the aforementioned personnel and be sent to the attorney for collection. All accounts forwarded directly to the attorney for collection are written-off to bad debt from the active accounts receivable. Furthermore, as part of this

process, the attorney is contractually obligated to comply with this Policy, including ensuring that no ECAs are taken to obtain payment for the care until reasonable efforts have been made to determine whether the individual is FAP-eligible for the care.

- F. On those accounts referred to an attorney for collection, the attorney will make reasonable efforts, consistent with Section 3, to resolve the account before seeking a judgment through legal or judicial process (i.e., an ECA). After securing a judgment, the attorney may take legal action(s) to enforce the judgment, provided that such actions may not (1) cause the sale or foreclosure of the patient's primary residence; (2) impose a lien against a patient's primary residence; take action that would cause a court to issue a body attachment or an arrest warrant against the patient; (4) request a writ of garnishment of wages or an attachment of wages if the patient is eligible for financial assistance under the FAP; or (5) file a claim against a deceased patient's estate if the deceased patient was known to be eligible for free care under the FAP or if the value of the deceased patient's net estate was less than half the debt owed. Furthermore, if it is determined by the attorney that there are assets available to satisfy all or part of the debt no action of any kind may be initiated without specific authorization from the senior leader of finance.
 - G. These collection policies apply to all responsible parties regardless of previous collection or payment history with the exception of those responsible parties with open accounts currently at the collection agency or with the attorney. In those circumstances, accounts may bypass the pre-collection process if the requirements of Section 3 are met.
 - H. Pursuant to Maryland Law, Sheppard Pratt will not:
 - 1. Charge any interest, late fees or penalties on any accounts of patients eligible for financial assistance under the FAP.
 - 2. Permit directly or through any of its collection agencies, report accounts to any credit reporting agency.
 - 3. Pursue legal action outside of the process described in Section 3.
 - 4. Pursue legal action to collect a debt against a patient whose outstanding debt is at or below \$500.
 - 5. Sell any debt, except as permitted by Maryland Law (and such debts will not be subject to collection action).
 - 6. Pursue debt collection activities on patients that have filed claim with the Criminal Injuries Compensation Board Claimants until a decision has been made on the claim.
- II. Reasonable Efforts and Extraordinary Collection Actions (ECAs).
- A. Before engaging in ECAs to obtain payment for care, Sheppard Pratt must make certain reasonable efforts to determine whether an individual is eligible for financial assistance under the FAP. The Patient Financial Services Department is responsible for ensuring that Sheppard Pratt undertakes reasonable efforts to determine eligibility for financial assistance pursuant to the FAP and this Policy.
 - B. Complete FAP Applications. In the case of a person receiving care who submits a complete financial assistance application form, Sheppard Pratt shall, in a timely manner, suspend any ECAs to obtain payment for the care, make an eligibility determination, and provide written notification, as provided in this Policy.
 - C. Presumptive Eligibility Determinations. If a person receiving care is presumptively determined to be eligible for less than the most generous assistance available under the FAP (for

example, the determination of eligibility is based on an application form submitted with respect to prior care), Sheppard Pratt will notify the patient of the basis for the determination and give the patient a reasonable period of time to apply for more generous assistance before initiating an ECA.

- D. Notice and Process Where No Application Submitted. Unless a complete application form is submitted or eligibility is determined under the presumptive eligibility criteria of the FAP, Sheppard Pratt will refrain from initiating ECAs for at least 240 days from the date the first billing statement for the care is sent to the responsible party (or, if later, 120 days from the date the first post-discharge billing statement for the care is sent to the patient). In the case of multiple episodes of care, these notification provisions may be aggregated, in which case the timeframes would be based on the most recent episode of care included in the aggregation. Before initiating one (1) or more ECA(s) to obtain payment for care from a patient who has not submitted an application form, Sheppard Pratt shall take reasonable actions to inform the patient of the availability of financial assistance for eligible patients, including the provision of written notice thirty (30) days in advance of initiating one or more ECAs.
- E. Notification of Approval or Denial for Assistance. As provided in the FAP, The Patient Financial Services Department will notify the patient in writing within a reasonable period of time of the receipt of the application form as to whether the application was approved or denied. If the application was approved, the letter will include the amount of assistance approved. If the application was denied, the denial reason will be provided in this letter.
- F. Incomplete FAP Applications. For incomplete applications, patients will be provided with a list in writing of the information and/or documentation still needed to complete the application form and where to submit the missing information. Patients shall have at least thirty (30) calendar days to submit additional information. Any pending ECAs shall be suspended during this time.
- G. ECAs. After making reasonable efforts to determine financial assistance eligibility as outlined above, Sheppard Pratt may take one or more ECAs to obtain payment for care upon providing written notice at least forty-five (45) days in advance.
- H. Reversal of ECA(s). To the extent a patient is determined to be eligible for financial assistance under the FAP, Health System will take all reasonably available measures to reverse any ECA taken against the patient to obtain payment for the care. At minimum, such reasonably available measures include measures to vacate any judgment against the patient (mandatory if the determination occurs within 240 days of the first billing statement provided to the patient), lift any levy or lien on the patient's property, and remove from the patient's credit report any adverse information that was reported to a consumer reporting agency or credit bureau.
- I. Refunds. As provided in the FAP, a person receiving care can apply for financial assistance at any point in the collection cycle. However, a refund will only be allowed during the "application period." The application period begins on the date care is provided and ends on the later of the 240th day after the date the first post-discharge statement for the care is provided or either: (i) the date specified in a written notice from Sheppard Pratt regarding its intention to initiate ECAs; or (ii) in the case of a patient who has been deemed presumptively eligible for financial assistance less than 100%, the end of the reasonable time to apply for financial assistance. Sheppard Pratt will provide a refund within thirty (30) days of a determination for the amount a patient has paid for care that exceeds the amount the patient is determined to be personally responsible for paying under the FAP, unless such excess amount is less than \$5.00. Furthermore, this refund provision shall not apply to payment(s) made by a patient that pre-date a patient's change in circumstances that causes a patient to

become eligible for assistance under the FAP, as determined at the sole discretion of the Sheppard Pratt.

- J. Restrictions on Deferring or Denying Care. If Sheppard Pratt intends to defer or deny, or require a payment before providing, medically necessary care, as defined in the FAP, because of a patient's nonpayment of one or more bills for previously provided care covered under the FAP, then the patient will be provided an application form and a written notice indicating that financial assistance is available for eligible patients and stating the deadline, if any, after which Sheppard Pratt will no longer accept and process an application submitted (or, if applicable, completed) by the patient for the previously-provided care at issue. This deadline shall be no earlier than the later of thirty (30) days after the date that the written notice is provided or 240 days after the date that the first post-discharge billing statement was provided for the previously provided care.

III. Additional Pre-Billing and Pre-Collection Financial Assistance Review.

- A. Pre-Billing Financial Assistance Review. Consistent with the procedure for the presumptive eligibility determinations above, accounts may be reviewed for financial hardship prior to initiation of the billing cycle. If a determination can be made that the account balance would create a financial hardship, a decision to award financial assistance for the amount due will be made. In addition, any other open existing self-pay balances, regardless of the amount due, will also be deemed financial assistance up to the date of the decision (but will not be subject to the refund provision above).
- B. Pre-Collection Financial Assistance Review. Subsequently, accounts may be reviewed for financial hardship prior to transferring an account for collection. If a determination can be made that the account balance creates a financial hardship, a decision to award financial assistance for the amount due will be made and the account will not be transferred for collection. In addition, any other open existing self-pay balances, regardless of the amount due, will also be deemed financial assistance up to the date of the decision (but will not be subject to the refund provision above).

IV. Medicare Bad Debt

- A. Upon completion of the collection process, all Medicare Bad Debt eligible accounts should be reviewed for conversion from regular bad debt to Medicare Bad Debt.
- B. Qualifying Medicare deductibles and co-insurance amounts are written off directly to Medicare Bad Debt on accounts which have qualified for Medicaid or can demonstrate financial necessity through applying for Financial Assistance pursuant to the FAP.

V. Appeals and Complaints.

As provided in the FAP, all patients determined to be not eligible for financial assistance or eligible for less than the most generous amount of assistance (100%) available under the FAP may submit an appeal to request further financial assistance. The patient can present additional information at this time to support his or her request. If a complete appeal is submitted, the Health System will pause any pending ECA or refrain from initiating a new ECA until sixty (60) days following the Health System's decision on appeal is communicated to the patient.

All patients may submit complaints to Sheppard Pratt to the office listed below regarding the handling of a patient's bill, including the actions taken by the Health System's collections agencies or attorneys.

Number: HS-130.12	Title: Billing and Collections Policy	Page: 6 of 6
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VI. General Information

The Patient Financial Services Department shall have final authority and responsibility for determining that Sheppard Pratt has made reasonable efforts to determine whether a responsible party is eligible for financial assistance and deciding that Sheppard Pratt therefore may engage in ECAs against the responsible party. More information about the FAP, this Policy, and the Patient Financial Services Department may be found:

- A. Online: www.sheppardpratt.org/patient-care-and-services/resources/financial-support/
- B. By Mail:
 - Patient Financial Services Department
 - Attn: Financial Assistance
 - 849 Fairmount Avenue
 - Towson, MD 21286-2624
- C. In Person:
 - All Patient Registration and Admissions Locations
- D. By Phone:
 - Call Customer Service at (410)-938-3370 or toll free at (800)-264-0949.