

# AtlantiCare

Policy & Procedure		
<i>Subject:</i> <b>Billing and Collections Policy</b>	<i>Category:</i>	<b>Patient Rights and Organizational</b>
<i>Facility Scope:</i> <b>ARMC Locations: Mainland Campus, Pomona, NJ, Atlantic City Campus, Atlantic City, NJ, Health Plex Atlantic City, NJ, Cancer Center Institute, Egg Harbor Township, NJ, Cancer Center Institute, Cape May Courthouse, NJ, Wound Care, Egg Harbor Township, NJ, Wound Care, Hammonton, NJ, Adult Partial Care, Pomona, NJ, Child Partial Care, Egg Harbor Township, NJ, Satellite Emergency Department, Hammonton, NJ.</b>	<i>Department:</i>	<b>Finance</b>

**PURPOSE:** This policy, together with the Financial Assistance Policy (#860) and the Emergency Medical Screening, Stabilizing Treatment, Transfer and On Call Roster Pursuant to EMTALA Policy (#566), is intended to meet the requirements of applicable federal, State, and local laws, including, without limitation, section 501(r) of the Internal Revenue Code of 1986, as amended and its implementing regulations. This policy establishes the actions that may be taken in the event of nonpayment for medical care provided by AtlantiCare Regional Medical Center (ARMC).

**DEFINITIONS:**

**Emergency Care** – Medical care required to be provided pursuant to the Emergency Medical Treatment and Active Labor Act (“EMTALA”) to individuals regardless of their eligibility for Financial Assistance under ARMC’s Financial Assistance Policy (#860). More specifically, this includes services required to be provided under Subchapter G of Chapter IV of Title 42 of the Code of Federal Regulations (or any successor regulations), Treas. Reg. 1.501(r) – 4(c)(3), and N.J.A.C. 8:43G-12.7.

**Extraordinary Collection Actions (ECAs)** – Any actions defined below that may be taken by ARMC against an individual to obtain payment of a bill for medical care:

1. Selling or transferring of an individual’s debt to another party;
2. Reporting adverse information to consumer credit reporting agencies or credit bureaus;
3. Deferring, denying or requiring payment before providing medically necessary care because of nonpayment for previously provided care;
4. Actions that require legal or judicial process include, but not limited to, liens on property, foreclosure on real property, attachment or seizure of bank accounts or personal property, commencing a civil action, causing arrest or writ of body attachment, or wage garnishment).

**Financial Assistance** – Assistance provided by ARMC for emergency and other medically necessary care to patients who qualify for free or discounted care pursuant to ARMC’s Financial Assistance Policy (“FAP”) (#860).

**Third Party Coverage** – (i) A third-party insurer, (ii) an ERISA plan, (iii) a federal, state, or local government health care program (including without limitation to Medicare and Medical Assistance (iv) Workers’ Compensation, (v) Medical Savings

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<b>Page 1 of 8</b>			

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Accounts, or (vi) other coverage for any part of the bill, including claims against third parties covered by insurance to which ARMC is subrogated, but only if payment is actually made by such insurance company.

**PROCEDURE:**

**BILLING:**

1. ARMC shall request payment for any known patient responsibility for medical care (including but not limited to co-pays, co-insurance or deductibles) prior to or at the time care is provided (other than Emergency Care).
2. With respect to Emergency Care, ARMC shall request payment for any known patient responsibility for medical care after the care is provided.
3. ARMC will not delay, deny or require pre-payment of medically necessary care due to an outstanding bill for previously provided services.
4. If a patient has not paid ARMC at the time medical care is provided, ARMC will bill the patient for his or her responsibility after receipt of Third-Party Coverage payments.
5. If a patient qualifies for Financial Assistance, ARMC will write off any balance after Third-Party Coverage that the patient is not obligated to pay.
6. ARMC will bill patients for any outstanding balances as soon as patient liability is confirmed.
  - a. The first post-discharge patient liability statement will mark the beginning of the 120 day period during which no ECA's may be taken and during which "reasonable efforts" will be made to reach the patient to satisfy the patient liability.

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			Page 2 of 8

# AtlantiCare

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**INTERNAL PROCESS:**

1. When an account balance is deemed patient liability and is the responsibility of the patient and/or guarantor, the billing system will qualify the account for a statement mailer.
2. The statement mailer will reflect the balance owed to the hospital and provide instructions for payment and how to apply for financial assistance.
3. Only one statement will be sent by ARMC, all additional statements will be sent by ARMC's selected vendors.
4. All patient liability accounts qualify for the pre-collect process on day one that the patient liability is confirmed.

**PRE-COLLECT PROCESS:**

1. Any unpaid patient liability account that qualifies for the pre-collect process is sent to the specific pre-collect agency on a daily basis.
2. The pre-collect agency works with the debtor as a representative of ARMC and not a collection agency.
3. Accounts are placed with the pre-collect agency by an alpha-split, in accordance with the guarantor's last name.
4. The pre-collect agency will refer all patients who indicate they cannot financially meet their obligation to ARMC's financial counseling department for assistance.
5. Patients are provided with a copy of the Financial Assistance Plain Language Summary upon admission/registration.
6. Patients will continue to receive statements outlining their patient liability until a financial assistance determination is finalized. Once finalized, their account is then discounted based on the patient's financial assistance program qualifications.

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			Page 3 of 8

# AtlantiCare

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7. The patients are also advised by the pre-collect agency to contact ARMC’s business office vendor management team at (609) 272-2500 with questions.
  
8. If a patient submits an incomplete Financial Assistance application for any financial assistance programs the hospital will notify the patient about how to complete the application.
  - a. Once the financial assistance application is completed, the patient is given a reasonable amount of time to compile and present the appropriate documents required to determine if the patient qualifies for financial assistance.
  
  - b. During the financial assistance interview, the patient is handed a checklist which outlines what additional information or documentation is required with contact information for further assistance. This checklist can also be mailed.
  
9. If the patient informs the pre-collect agency that they have been approved for Financial Assistance, the pre-collect agency is to close the account back to ARMC, using the proper closure T-Code.
  - a. ARMC then verifies coverage and processes the patient’s liability according to the verified coverage.
  
  - b. If the no coverage is found, the account is sent back to the pre-collect agency to continue the pre-collect process.
  
10. When a patient’s eligibility for financial assistance is verified ARMC will refund any amount the patient paid that exceeds the amount of the patient’s liability.
  
11. Any account that the pre-collect agency does not feel is likely to collect and a period of 120 days after the first post-discharge patient liability statement has passed, the account is returned to ARMC on a weekly basis.

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			Page 4 of 8

# AtlantiCare

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**COLLECTION PROCEDURES:**

1. During the first 120 days after the patient's first patient liability statement for care is issued, ARMC shall not refer the account to a bad debt collection agency or engage in any ECAs.
2. ARMC shall observe all patient notification procedures set forth in the Financial Assistance Policy (#860).
3. If no positive patient response is received after 120 days from the first patient liability statement, ARMC shall characterize the unpaid balance as bad debt.
4. ARMC will refer the bad debt accounts to a bad debt collection agency for additional collection efforts in accordance with this policy.
5. Notwithstanding bad debt classification or referral to a bad debt collection agency, a patient may apply for Financial Assistance using the process outlined in ARMC's Financial Assistance Policy (#860), for an additional 120 days, for a total application period of 240 days from the first patient liability statement.
6. If at any time during the FAP application period, a determination is made that an individual is eligible for Financial Assistance, ARMC will notify the individual of their eligibility and refund any amount the patient paid that exceeds the amount of the patient's liability.
7. ARMC shall enter into a written contract with any bad debt collection agency to which it refers bad debt. The contract will obligate the collection agency to observe the same procedures with respect to determining qualification for Financial Assistance that apply to ARMC under ARMC's Financial Assistance Policy.
8. The contract shall include all of the following:
  - a. Prohibit the referral or sale of the bad debt to another party;
  - b. Prohibit the collection agency from engaging in any ECAs to obtain payment for the care;

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			Page 5 of 8

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- c. Prohibit charging interest on the debt in excess of the rate in effect under Treas. Reg. § 6621(a)(2) at the time the debt is sold (or such other interest rate set by notice or other guidance published in the Internal Revenue Bulletin);
- d. Provide that the debt is returnable to or recallable by ARMC upon a determination by ARMC or the collection agency that the individual is FAP eligible;
- e. Provide that if the individual is determined to be FAP-eligible and the debt is not returned to or recalled by ARMC, the collection agency is required to adhere to procedures specified in the contract that ensure that the individual does not pay the collection agency and ARMC together more than the individual is personally responsible for paying as an FAP-eligible individual under the Financial Assistance Policy.

9. No ECA will be initiated until a final determination has been made by Chief Financial Officer (CFO) or VP, Financial Planning as to whether “reasonable efforts” required by Treas. Reg. §1.501(r)-6 have been made to determine whether the individual is eligible for Financial Assistance.

10. Reasonable efforts shall require:

- a. Written notice at least 30 days prior to the initiation of an ECA(s) that financial assistance is available for eligible individuals, which notice includes:
  - i. Financial Assistance – Plain Language Summary
  - ii. Identifying the ECA(s) that ARMC (or other authorized party) intends to initiate to obtain payment
  - iii. Stating the deadline after which such ECA(s) may be initiated that is no earlier than 30 days after the date that the written notice is provided;
- b. Reasonable efforts to orally notify the individual at least 30 days prior to the initiation of an ECA(s) about ARMC’s Financial Assistance Policy and about how the individual may obtain assistance with the application process.

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			Page 6 of 8

# AtlantiCare

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11. Reasonable Efforts Based on Presumptive Eligibility

- a. ARMC will be deemed to have made reasonable efforts if it determines that the individual is FAP-eligible for the care based on information other than that provided by the individual or based on a prior FAP-eligibility determination;
- b. If the individual is presumptively determined to be eligible for less than the most generous assistance available under the FAP, ARMC
  - i. Notifies the individual regarding the basis for the presumptive FAP-eligibility determination and the way to apply for more generous assistance available under the FAP;
  - ii. Gives the individual a reasonable period of time to apply for more generous assistance before initiating ECA(s) to obtain the discounted amount owed for the care;
  - iii. If the individual submits a completed FAP application that qualifies for the more generous assistance during the 240-day application period, AtlantiCare Health System will notify the patient of their discounted amount owed for the care.

12. Completed Financial Assistance Application Submitted:

- a. Upon receipt of a complete application, ARMC will suspend any ECAs;
- b. Notify the individual in writing of the FAP determination and the basis for the determination;
- c. If the individual is FAP-eligible for less than free care, the facility will:
  - i. Provide a patient liability statement indicating how much is owed, how the amount was determined and how to get further information regarding amounts generally billed ("AGB");

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			Page 7 of 8

# AtlantiCare

Policy & Procedure		
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- ii. Provide a refund of any amounts paid in excess of the FAP-determined amount;
- iii. Take reasonably available measures to reverse any ECA.

d. If upon receiving a complete FAP application and ARMC believes the individual may qualify for Medicaid, ARMC may postpone determination of FAP-eligibility until after the individual's Medicaid application has been completed and a Medicaid eligibility determination has been made.

### 13. Incomplete Financial Assistance Application Submitted:

- a. If an individual submits an incomplete FAP application during the application period, ARMC will provide the individual with a reasonable opportunity to complete such application by:
  - i. Suspending any ECAs to obtain payment for care;
  - ii. Providing the individual with written notice that describes the additional information and/or documentation required under the FAP or FAP application form that must be submitted to complete the application and that includes the telephone number and physical location of the office/department that can provide information about the FAP, and if different, the contact information of the office that can provide assistance with the application process.
- b. Once a determination is made that the requirement for "reasonable efforts" has been satisfied, ARMC may engage in ECAs, to the extent authorized by ARMC's Chief Financial Officer or VP, Financial Planning.

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			Page 8 of 8