

**Peninsula Regional Medical Center
Policy/Procedure**

Finance Division

Subject: Adjustments to Bills, Bad Debt, Payment Arrangements and Other (Uncompensated Care)

Affected Areas: Patient Accounting, Financial Services, PRMG

**Policy/Procedure
Number:** FD-030

Policy:

The Finance Division, through interaction with patients or based on procedure, will determine the disposition of accounts receivable.

Procedure:

Uncompensated care and other adjustments are any services given for which the medical center does not receive reimbursement. The following are examples of this:

1. Financial Assistance - Based on income and lack of substantial assets, the patient is not able to pay full charges. See policy on Financial Assistance.
2. Bad Debt - The patient/guarantor has the means to pay or fails to supply information for the hospital to determine means to pay. See policy on Patient Collection Practice.
 - a. Hospital, physician, unregulated
3. Customer Service Reductions - Based on unmet needs or unfavorable conditions, some portion of charges are reduced.
 - a. PFS - Hospital, physician, unregulated
 - b. Risk Management – Hospital, physician, unregulated
 - c. Patient Relations – Hospital, physician, unregulated
4. HSCRC permitted discounts.
 - a. Hospital charges only insurance
 - b. Patient self-pay discount
5. Medicare Sequestration.
 - a. Hospital, physician

6. Employee discount of 25%.
 - a. Hospital, physician, unregulated
7. Denied days and charges due to non-acute status or not medically necessary.
 - a. Hospital charges only IP
 - b. Hospital OP non-covered
 - c. ER non-covered
 - d. No ABN
 - e. Hospital and physician
8. Out-of-state Medical Assistance amounts over their allowable and total charges where Peninsula Regional cannot bill due to contractual discounts.
 - a. Hospital, physician, unregulated
 - b. The hospital will have no contract for regulated services which includes hospital acceptance of less than full charge for any regulated charges. This does not preclude the hospital from billing out-of-state Medical Assistance MCO's and recouping partial reimbursement.
9. Amounts over allowable fees (does not pertain to hospital).
 - a. Physician and unregulated charges
10. Late charge allowance under \$100.
 - a. Hospital only patient
 - b. Hospital insurance only
11. Small balance write-off.
 - a. Hospital, physician, and unregulated charges under \$10 – self-pay
 - b. Hospital and unregulated charges – insurance balance
\$0.01 - \$25.00 last claim date must be 60 days or later and no payments or adjustments
12. Peninsula Regional Worker's Comp. and employee health, physicals, and hospital exposures and source patients.
 - a. Hospital, physician, unregulated
13. Breast Center Grant.
 - a. Hospital and unregulated
14. Community Exposures and Source Patients.
 - a. Hospital, physician, and unregulated
15. Unbillable due to billing time elapse.
 - a. Hospital, physician, unregulated

16. Nursing Home Allowance.
 - a. Hospital, unregulated
17. Bad Debt adjustment, reduction of a bad debt balance.
 - a. Hospital, physician, unregulated.
18. Administrative.
 - a. Hospital, physician, unregulated patient
 - b. Hospital, physician, unregulated insurance
19. Error Write-Offs – Write-Offs resulting from not obtaining proper authorization, not following up timely or any other reasons related to processing.
 - a. Hospital, physician, unregulated
 - b. Hospital only

Each category above will have associated transaction adjustment code(s) and will be recorded in the general ledger and financial statement.

The Director of Patient Financial Services maintains a chart that defines the authority to make adjustments and payment arrangement referrals to accounts, no other individuals may make adjustments.

All Patient Accounting personnel are responsible for requesting necessary adjustments to bills. Work queues and/or form requests will be required depending on the level of approval.

Discounts: The HSCRC has strict guidelines regarding discounts. Regulations are on file in the Budget & Reimbursement area.

Discounts in lieu of commercial insurance audits are not permitted.

BAD DEBT

Any account where the patient continues to refuse to pay, does not qualify for financial assistance, has not cooperated in completing required forms or supplying documentation for financial assistance or another type of uncompensated care; and/or the patient/guarantor does not respond to phone calls or written correspondence will be considered Bad Debt.

Normal collection process requires that a patient be given a minimum of 60 days from the first statement (which shows that the amount is now due from the patient) before referral to an outside collection agency.

A lien or wage attachment may be placed against the patient's assets when other collection efforts fail.

A lien will be filed against the estate of every deceased adult patient with accounts totaling \$5,000 or more.

Body attachments (bench warrants) will not be used.

Accounts may not be written-off with the bad debt transaction code for any reason other than referral to an agency, filing of a lien, wage attachment, or bankruptcy.

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