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Owner Braden Thompson:  
Revenue Cycle Director  
Area Business Office

## Bad Debt & Collections Policy

### Purpose:

To establish uniform collection guidelines to be followed by Madison Healthcare Services for Clinic and Hospital services.

### Procedure:

- A. Billing
  - 1. Statements are sent monthly.
  - 2. Notes will be made of all correspondence with patients and third party payers in the patient database.
- B. Insurance Information Request Letter
  - 1. To notify patient that action or other information is needed by them in order to file insurance claim.
- C. In-house Payment Plans: Minimum payment is 10% of outstanding charges or \$25/month, whichever is greater.
  - 1. Payment Plan will be set up in MHS EMR - Epic
  - 2. Payment Source
    - i. Check, payroll deduction, and credit card may be accepted.
    - ii. Encourage patients to use MyChart Bill Pay.
  - 3. Employee Payment
    - i. Payroll deduction, HRA secure bill pay, check, or credit card.
  - 4. Always ask for payment in full first.

#### D. Payment & Refund Letters

##### 1. Payment Default Letter

- i. To notify patient that payment or updated debit or credit card information is needed from them to keep their account current.

##### 2. Overpayment and Refund Letter

- i. Credit will be applied to outstanding balances in other accounts at Madison Healthcare Services first.
- ii. If all accounts are paid in full, refund will be sent with explanatory letter.
- iii. If payment causes partial credit, apply to account and issue refund.
- iv. Apply all insurance payments to identified account regardless if it causes a credit balance.

#### E. Extended Payment Plan

1. If outstanding balance is great than \$1,000 and patient is unable to make the minimum monthly payment as above they can be offered an extended payment plan as follows:

- i. \$1,000-\$2,500 – 3 year term or \$50 minimum, whichever is greater
- ii. \$2,500-\$5,000 – 5 year term or \$85 minimum, whichever is greater
- iii. More than \$5,000 – 7 year term or \$130 minimum, whichever is greater

##### 2. If patient defaults on payment

- i. Send Financial Assistance (Charity Care) Application
- ii. If no response, send to collections

#### F. Financial Assistance Charity Care (Separate Policy)

1. Send Financial Assistance Charity Care Application upon request and with final notice letter
2. We will accept one charity application per year – applicant must update financial information with each application

#### G. Hospital Screening Requirements for Public Health Care Eligibility and Charity Care

1. Per MN Statute 144.588 Certification of Expert Review, Madison Healthcare must serve the defendant (patient) with an affidavit stating the following, if pursuing collections actions.
  - a. Unless patient declines to participate, hospital complied with the requirements in the law.
  - b. Reasonable basis to believe patient owes the debt.
  - c. All known third party payors have been billed and any remaining debt is the responsibility of the patient.
  - d. Patient was given reasonable opportunity to apply for charity care.
  - e. If patient indicated the inability to pay in one payment, they were offered a

reasonable payment plan.

H. Bankruptcies

1. Stop sending statements after first notice is received.
  - i. Clinic change to BKY Status.
  - ii. Hospital put hold on each account.

I. Deceased Patients – Probate Process:

1. Log in to <http://pa.courts.state.mn.us.default.aspx#MainContent> to see if there is an estate file open in Probate division of the court Administrator's Office in the county where the decedent resided at the time of death.
  - i. File a written statement claim if there is an estate file open
    1. Wait to file claim until after third party payments have processed unless the allotted time period will run out
  - ii. File a demand for notice if there is no estate file open
    1. 45 days must have passed since the date of death
  - iii. If no payment is made after going through regular collection process, write off as deceased no estate (under charity column)

## Self-Pay Collection Process:

A. Auto Generated Statement

1. Friendly Reminder – 45 days after 1<sup>st</sup> statement
2. A phone call will then be made to remind patient of overdue payment.

B. Final Notice Letter –

1. Review Guarantor Payments
2. Final notice released 7 days before the 4<sup>th</sup> statement is mailed
3. If self-pay is known bad debt you can skip directly to the final notice letter

## Approval Signatures

Step Description	Approver	Date
Leadership	Carol Borgerson: CFO	03/2024
	Braden Thompson: Revenue Cycle Director	02/2024