

## Administrative Policy and Procedure Manual

Collections  
Scope: Hospitalwide

Effective Date: 08/22/2013  
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## I. Purpose

This policy is intended to identify the actions that may be taken with respect to collection of hospital charges for services provided to our patients (the “Policy”). This Policy also describes the process and time frames used in taking these collection actions, including any reasonable efforts to determine whether an individual is eligible under the Financial Assistance Policy. This Policy states that the Administrator of Revenue Cycle will have final authority and responsibility for determining that reasonable efforts have been made to determine whether an individual is eligible under the Financial Assistance Policy. All interactions with patients, family members or other representatives must be conducted in a courteous manner and with respect for the privacy that the financial status of each patient demands.

## II. Policy Statements

- A. Ann & Robert H. Lurie Children’s Hospital of Chicago (the “Hospital”) recognizes and acknowledges the financial needs of patients and families who are unable to afford the charges associated with their medical care.
- B. The Hospital makes every effort to be flexible and responsive to individual circumstances. In turn, it is expected that patient and families will honor their financial obligations to the extent they have the financial ability and will cooperate with the Hospital’s procedures, so that the Hospital remains able to provide care for those patient and families whose circumstances in life are less fortunate.
- C. The Hospital will not engage in Extraordinary Collection Actions before it has made Reasonable Efforts to determine whether the patient is eligible for Financial Assistance under the Hospital’s Financial Assistance Policy as described in the Hospital’s Administrative Policies (the “FAP”).
- D. To manage its resources and responsibilities and to allow the Hospital to provide assistance to the greatest number of children in need, the Board of Trustees, through the Finance Committee, establishes the following guidelines for the collection of money owed by patients, parents and/or guarantors.

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### III. Definitions

- A. *Application Period*: During the Application Period, the Hospital must accept and process an application for Financial Assistance (“Application”). The Application Period begins on the date the care is provided to the individual and ends on the 240<sup>th</sup> day after the Hospital provides the patient with the first billing statement for the care.
- B. *Extraordinary Collection Actions (ECAs)*: These collection actions are defined as those requiring a legal or judicial process and involve selling debt to another party or reporting adverse information to credit agencies or bureaus. The actions that require legal or judicial process for this purpose include 1) placing a lien; 2) foreclosing on real property; 3) attaching or seizing of bank accounts or other personal property; 4) commencing a civil action against an individual; 5) taking actions that cause an individual’s arrest; 6) taking actions that cause an individual to be subject to body attachment; and 7) garnishing wages.
- C. *Financial Assistance*: Medically necessary services rendered to patients who cannot afford to pay, who are not eligible for public programs, and for which the Hospital has received financial documentation that the patient cannot make payment for services rendered are eligible for Financial Assistance. This includes care provided to uninsured, low income patients and those patients who have partial coverage but who are unable to pay some or all of the remainder of their medical bills. Financial Assistance does not include contractual allowances with insurance companies and other third party payers.
- D. *Notification Period*: The Notification Period is defined as the period during which the Hospital must make a Reasonable Effort to notify the patient of the FAP. The Notification Period begins on the first date care is provided to the patient and ends on the 120<sup>th</sup> day after the Hospital provides the patient with the first billing statement.
- E. *Plain Language Summary*: A Plain Language Summary of the Hospital’s Financial Assistance plan must include:
- i. A brief description of the eligibility requirements and assistance offered;
  - ii. A listing of a website or location as to where Applications may be obtained;
  - iii. Instructions on how to obtain a free copy of the FAP and Application by mail;

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- iv. Contact information of someone to assist with the process as well as any other organization that the Hospital has identified to assist with Applications;
  - v. Availability of translations; and
  - vi. A statement that no Financial Assistance eligible patient will be charged more than the average gross charge for emergency or medically necessary services.
- F. *Reasonable Efforts*: The Hospital will have made a Reasonable Effort in regard to providing notification to the patient about the FAP if the Hospital distributes a Plain Language Summary of the FAP to the patient and offers an Application to the individual before discharge from the Hospital. Additionally the Hospital must include a Plain Language Summary of the FAP with all (and at least three) billing statements for the care and all other written communications regarding the bill provided to the individual during the Notification Period. Separately, the Hospital will have made a Reasonable Effort:
- i. When the patient and/or family submits an incomplete Application, only if the Hospital: (a) suspends any ECAs against the patient; (b) provides a written notification that describes what additional information or documentation is needed and includes a Plain Language Summary of the FAP; and (c) provides at least one written notice informing the patient about the ECAs that might be taken (or resumed) if the Application is not completed or payment made by a deadline specified in the written notice, which shall be no earlier than 30 days from the date of the written notice or the last day of the Application Period.
  - ii. When the patient and/or family submits a complete Application, only if the Hospital: (a) suspends any ECAs against the patient; (b) makes and documents a determination on whether the patient is eligible for Financial Assistance in a timely manner; and (c) notifies the patient in writing of the determination (including, if applicable, the assistance for which the patient is eligible) and the basis for this determination.
  - iii. When a patient and/or family have been determined to be eligible for Financial Assistance, only if the Hospital: (a) provides the patient with a billing statement that indicates the amount owed after subtracting Financial Assistance; (b) refunds any excess payments made by the patient; and (c) takes all reasonably available measures to reverse any ECAs (other than the sale of a debt) taken against the patient.

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#### IV. Procedures

- A. *Communications with Patients:* All communications with patients and/or families will include a telephone number for patients and families to call to facilitate the resolution of an account or resolve a billing dispute.
- B. *Assistance Efforts.* If at any time in the course of registering a patient or thereafter it is determined that the patient's family is in need of Financial Assistance, the Hospital can assist in the following ways:
- i. Provide assistance to the patient/family to complete a MANG (Medical Assistance, No Grant) application;
  - ii. Help the patient/family to complete an AllKids application;
  - iii. Refer the family to the State of Illinois Division of Specialized Care for Children (DSCC) if diagnosis appropriate;
  - iv. Initiate sliding scale arrangements and/or payment agreements over time for deductibles, coinsurance, and any other patient responsibility balances; and
  - v. At last resort, the Hospital will offer Financial Assistance based on documented need.
- C. *Notification:*
- i. Hospital will distribute a copy of the Plain Language Summary and Application to the patient and/or family prior to discharge from the Hospital.
  - ii. Additionally during the Notification Period, the Hospital will provide a copy of the Plain Language Summary with each billing statement (at least three) and with all other written communications pertaining to outstanding invoices.
  - iii. The Hospital will inform the patient and/or family about the availability of Financial Assistance in all verbal communications during the Notification Period regarding the amount due.
- D. *Internal Collection Efforts.*
- i. Before the Hospital pursues a patient and/or family for balances due, all third parties under which the patient is insured shall be billed, and follow up with the third parties will be done to secure all appropriate third party payments.

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For any balances that are the responsibility of the patient and/or family, the Hospital generally follows up every thirty days as noted below:

- a. For at least 90 days after discharge for patients who have no insurance; and
  - b. For 90 days after final insurance disposition for patients who have insurance benefits.
- ii. In all cases, Financial Assistance is still available to a patient and/or family while the Hospital is seeking payment of balances due from the patient and/or family. No ECAs will be taken during this follow-up period. The Hospital follow-up includes at least four separate notices that remind the patient/family of balances due for which they are responsible. The earliest that an account may be referred to a collection agency is after the Notification Period.
- E. *Patient and/or Family Itemized Bills.* The Hospital will notify each patient and family of his or her right to receive an itemized bill upon request.
- F. *Payment Plans.* The Hospital may offer payment plan arrangements after payment in full has been declined by the patients and families. Discussion with the patient and/or family will be made with an account resolutions approach. New accounts will be combined with existing payment plans and the resulting monthly payments will be assessed for reasonableness.
- G. *Extraordinary Collection Actions:* The Hospital will not engage in ECAs before it has made Reasonable Efforts to determine if the patient is eligible for Financial Assistance.
- H. *External Collection Efforts* Upon completion of the Notification Period and if an outstanding balance remains for which a payment plan is not in place, the Hospital can assign the balance to one of the collection agencies with which it contracts. Pursuant to the terms of their contracts, the collection agencies must operate in accordance with the Hospital's FAP and this Policy. The collection agencies are required to conduct all interactions with patients and families in a courteous and respectful manner. Even though balances have been assigned for collection, Financial Assistance continues to be available to qualifying families who have previously not completed the necessary paperwork to confirm their eligibility. If an individual submits an Application during the Application Period, whether complete or

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incomplete, the collection agency will suspend any ECAs against the individual. No legal action may be taken by a contracted collection agency, unless such action is approved in writing by the Administrator of Revenue Cycle. Moreover, any approved legal action is limited to an action for the garnishment of wages. In no case, will the Hospital approve or condone the filing of a lien against assets or a bodily attachment.

- I. *Appeals.* The collection period will be extended if the patient and/or family has a pending Application or appeal for Financial Assistance or third party coverage (e.g., Medicaid or Illinois Comprehensive Insurance Program) until a final determination is made. The patient and/or family must make reasonable efforts to communicate with the Hospital about the progress of any pending appeals. "Pending appeal" includes any of the following:
  - i. Grievance against a contracting health care service plan or insurer;
  - ii. An independent medical review; and
  - iii. A fair hearing for review of a Medicaid claim.
  
- J. *Bankruptcies*
  - i. The Hospital will:
    - a. Comply with bankruptcy regulations regarding the filing of a claim against a patient and/or family that has filed for bankruptcy;
    - b. Evaluate the potential for recovery from the bankruptcy estate to determine whether the Hospital will pursue recovery from the bankruptcy estate through the filing of claim or write-off the balance; and
    - c. If appropriate, ensure that balances determined to be covered by the bankruptcy decree are appropriately adjusted and not billed to the patient and or family.
  
  - ii. If a debtor is discharged of the debt, the Hospital will hold the patient and/or family harmless for charges that are not covered by the third party payers and were incurred prior to the court declared effective date of bankruptcy. Charges incurred after the effective date of the bankruptcy will not be considered part of the bankruptcy adjustment.

K. *Probate Claims:* The Hospital may file claims in order to satisfy outstanding account

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balances during the legal execution of estates.

*L. Documentation and Audit*

The Hospital's Patient Family Services Department (the "Department") will be responsible for maintaining records related to requests for Financial Assistance. The Administrator of Revenue Cycle will have final authority and responsibility for determining that the Hospital has made Reasonable Efforts to determine whether a patient is eligible under the FAP.

- i. The Department will maintain auditable patient accounting records and track credit and collection activities taken in compliance with this Policy.
- ii. Before sending an account to bad debt, the Hospital will make sure that Reasonable Efforts have been made to assess the patient's eligibility for Financial Assistance.
- iii. The Department will maintain copies of notices to patients of their eligibility for Financial Assistance.

*M. Bad Debt Determination:*

- i. After reasonable collection efforts have failed to yield payment of charges on an account and reasonable efforts have been made to inform the patient and/or family of the availability of Financial Assistance, the balance on the account may be classified as bad debt.
- ii. The Hospital refers all self pay financial classes (e.g., self pay, balance after insurance, and balance after Medicare) to bad debt using the same qualifying criteria and bad debt transfer procedures.
- iii. Regulatory Requirements: In implementing this Policy, the Hospital will comply with all other federal, state and local laws, and rules and regulations that may apply to activities conducted pursuant to this Policy.

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**V. Cross-References/Related Policies**

Administrative Policy: Financial Assistance

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