Children's Hospital of Chicago Medical Center

Administrative Policy and Procedure Manual

Collections
Scope: Hospital-wide

Effective Date: 08/22/2013

Table of Contents

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 ("FAP"). The FAP policy is available at https://www.luriechildrens.org/financial-assistance. his Policy states that the Financial Assistance Council will have final authority and responsibility for determining that Reasonable Efforts have been made to determine whether an individual is eligible under the FAP. All interactions with Patients 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 and encourage all patients and families to review the FAP for additional information on available assistance.

B. The Hospital makes every effort to be flexible and responsive to individual circumstances. In turn, it is expected that Patients 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 Patients 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 FAP.

D. To manage its resources and responsibilities and to allow the Hospital to provide assistance to the greatest number of Patients in need, the Board of Trustees, through the Finance Committee, establishes the following guidelines for the collection of money owed by Patients.

E. In the State of Illinois, based upon the resources used to qualify Patients for Medicaid eligibility, the Department of Healthcare and Family Services (HFS) will assess a family

liability associated with the granting of Medicaid. HFS maintains the expectation that recipients contribute to their care by paying co-pay amounts defined as specific amounts for services or as a qualifying payment (Spend Down). Although a Patient may qualify for the Hospital's Financial Assistance program, these amounts will be billed to the Patient consistent with the expectations of HFS. If, after billing, a Patient is determined unable to pay for these amounts, the balance of the Patient liability will be reviewed for possible inclusion in the Hospital's Financial Assistance Program.

III. Definitions:

Unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them in the Financial Assistance Policy at https://www.luriechildrens.org/financial-assistance.

See the FAP for definitions of the following terms:

A. Application Period
B. Extraordinary Collection Actions (ECAs)
C. Financial Assistance
D. Notification Period
E. Plain Language Summary
F. Reasonable Efforts

IV. Procedures

A. *Communications with Patients:* All communications with Patients will include a telephone number for Patients 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 scheduling a Patient or thereafter it is determined that the Patient is in need of Financial Assistance, the Hospital can assist in the following ways:
   1. Provide assistance to the Patient to complete a MANG (Medical Assistance, No Grant) application;
   2. Help the Patient to complete an All Kids application;
   3. Refer the Patient to the State of Illinois Division of Specialized Care for Children (DSCC) if diagnosis appropriate;

4. Offer Financial Assistance based on documented need;
5. Initiate sliding scale arrangements and/or payment agreements over time for deductibles, coinsurance, and any other patient responsibility balances.

C. *Notification:*

1. Hospital will distribute a copy of the Policy, FAP, Plain Language Summary. and Application to the patient and/or family prior to discharge from the Hospital.
2. The Hospital will inform the Patient about the availability of Financial Assistance in all verbal communications during the Notification Period regarding the amount due.

D. *Internal Collection Efforts:*

1. If the Hospital is able to estimate the cost of services through review of the Patient benefits, the Patient may be asked to pay their estimated portion prior to or at the time of services.
2. Post service, but before the Hospital pursues payment from a Patient 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.
3. For any balances that are the responsibility of the Patient, the Hospital generally follows up every thirty days as noted below:
    a. For at least 120 days after discharge for patients who have no insurance; and for 120 days after final insurance disposition for patients who have insurance benefits.
    b. If the Hospital fails to identify the Patient's liability on an account for more than two years, the Hospital will not hold the Patient responsible for any liability of $1500 or less. If the balance is over $1500 the account will be reviewed by Revenue Cycle Leadership for final determination of account resolution.
4. Financial Assistance is still available to a Patient while the Hospital is seeking payment of balances due from the Patient. No ECAs will be taken during this follow-up period. The Hospital follow-up includes at least four separate notices by mail or electronically, depending on the Patient's preference that remind the Patient 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.

5. For claims where the only balance on the claim is the Medicaid co-payment, the Hospital will review these claims prior to the third statement if no payment has been received. If the Family Income is within the Hospital's Financial Assistance criteria for 100% assistance, the account will be resumed to be eligible for financial assistance and the outstanding co-payment will be determined eligible for assistance. If the liability is spend down, the account will go through the financial assistance process to determine eligibility.

E. *Out of Network Services:* In accordance with the No Surprises Act, beginning Jan. 1, 2022, Patients will only be required to pay in-network cost-sharing, regardless of network status, for emergency medicine services (including air ambulance but not including ground ambulance services). Likewise, Patients will only be required to pay in-network cost-sharing, regardless of network status, for the following non-emergency ancillary services: emergency medicine, anesthesiology, pathology, radiology, neonatology, diagnostic testing, and services by assistant surgeons, hospitalists, and intensivists. For all other non-emergency out of network services, Patients will only be required to pay in-network cost-sharing if not notified, prior to care, of their out of network status. If Patients are notified prior to service, and consent to have services provided, they will be responsible for all liabilities assigned by their insurance company and not eligible for financial assistance.

F. *Patient Itemized Bills:* The Hospital will notify each Patient of their right to receive an itemized bill upon request.

G. *Payment Plans:* The Hospital offers payment plan arrangements after payment in full has been declined by the patients and families. New accounts will be combined with existing payment plans and the resulting monthly payments will be assessed for reasonableness.

H. *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.

I. *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 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 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 Vice President of the 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.

J. *Appeal:* The collection period will be extended if the Patient 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 must make reasonable efforts to communicate with the Hospital about the progress of any pending appeals. "Pending appeal" includes any of the following:
   1. Grievance against a contracting health care service plan or insurer;
   2. An independent medical review; and
   3. A fair hearing for review of a Medicaid claim.

K. *Bankruptcies:*

   1. The Hospital will:
      a. Comply with all applicable law when a Patient 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.
   2. If a debtor is discharged of the debt, the Hospital will hold the Patient 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.

L. *Probate Claims:* The Hospital may file claims in order to satisfy outstanding account balances during the legal execution of the estate.

M. *Documentation and Audit:* The Hospital's Consolidated Services Department (the "Department") will be responsible for maintaining records related to requests for Financial Assistance. The Vice President of the 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.
   1. The Department will maintain auditable patient accounting records and track credit and collection activities taken in compliance with this Policy.
   2. Before pursuing an ECA, the Hospital will make sure that Reasonable Efforts have been made to assess the patient's eligibility for Financial Assistance.
   3. The Department will maintain copies of notices to patients of their eligibility for Financial Assistance.

N. *Bad Debt Determination:*

   1. After four separate collection notices sent to the Patient have failed to yield payment of charges on an account and Reasonable Efforts have been made to inform the Patient of the availability of Financial Assistance, the balance on the account may be classified as bad debt.
   2. 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.

O. *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.

V. Cross-References/Related Policies

Administrative Policy: Financial Assistance

VI. Policy Approvals:

Written:	08/15/10	
Reviewed/Revised:	04/22/21, 4/2021	
Approvals:	Administrative P&P Committee:	06/2019, 06/2021
	Finance Committee of the Board:	05/2020, 05/2021