



CHILDREN'S
HOSPITAL OF RICHMOND AT VCU

OPER.39

SUBJECT: Collections Policy	REVISED DATE: 2/18 ORIGINATION DATE: January 2007
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RECOMMENDED BY: Administration	APPLICATION: Hospital-wide
	DISTRIBUTION: Hospital-wide
	APPROVED BY: Sharon Darby DNP, RN, NHA Interim Executive Director

PURPOSE:

To inform patients and/or guarantors of policies regarding collecting payment due for services rendered by Crippled Children’s Hospital, also known as Children's Hospital of Richmond at VCU (Hospital).

POLICY:

Care is provided to patients based on medical necessity. Unless prior arrangements are made, Hospital expects reimbursement for total charges for any service from the responsible party on an account, henceforth referred to as guarantor. Hospital will bill the guarantor’s insurance company based on information provided before or at the time of the service. Payment of an account is ultimately the responsibility of the guarantor. The guarantor is responsible for determining what services their insurance company will cover before receiving a service. Hospital personnel may assist the guarantor but the ultimate responsibility for understanding their insurance coverage and financial commitment resides with the guarantor. Hospital will send statements to the guarantor on an account with current balance due. Prompt payment will be expected unless other arrangements are made. Hospital may use all collection methods available to obtain payment on a delinquent account. The guarantor will be responsible for an additional fee for collection when the account is turned over to a collection agency.

PROCEDURE:

- I. After payment or denial of a claim filed with the insurance carrier identified by the guarantor, Hospital will notify a guarantor of any balance due the hospital by mailing statements using the following timeline:
 - a. Statements will be mailed to the guarantor at the address on file at 30-day intervals after a payment or denial has been received from the insurance

company identified by the guarantor during the registration process. The statement will indicate the amount due from the guarantor and how to contact the hospital if they have any questions.

- b. If a balance remains after three statements have been sent to the guarantor, and the guarantor has not contacted patient accounts or Revenue Cycle Manager to question the amount due or to make payment arrangements, the account will be reviewed to determine the need for placement with a collection agency.
- II. Hospital will evaluate with a guarantor the potential for a payment plan for any unexpected or unmanageable balance on an account. The guarantor must cooperate with the evaluation and furnish all requested documentation.
- a. The Revenue Cycle Manager or Patient Accounts Representative will make a reasonable effort to determine whether an individual is eligible for financial assistance before engaging any extraordinary collection activities (see OPER.17 – Patient Financial Assistance).
 - b. The Revenue Cycle Manager or Patient Accounts Representative can establish a payment plan lasting up to eighteen months.
 - c. If a guarantor is unable to make scheduled payments he/she is responsible for contacting the Revenue Cycle Manager to discuss their reasons for not making scheduled payments.
 - d. If a guarantor has had a change in financial condition, he/she can be reconsidered for financial assistance under the hospital's Financial Assistance Policy (see OPER.17-Patient Financial Assistance).
 - e. If payment is not received on an account with payment arrangements within 20 days of the agreed upon due date, the account will be reviewed for potential placement with a collection agency.
- III. The Revenue Cycle Manager or designee will review all accounts prior to referring an account to an outside collection agency
- a. When a balance remains after an account has met the above criteria, the Patient Accounts Representative will review the account to make sure that balances are correct. After verifying the balances are correct, the Patient Accounts Representative will refer the account for review by the Revenue Cycle Manager.
 - b. After the Revenue Cycle Manager confirms the balances are correct and that Hospital has fulfilled its responsibility to fairly notify the guarantor of a

past due balance, the account will be referred to an outside collection agency for further attempt to collect the debt.

- c. The collection agency will attempt to contact and collect the debt from the guarantor. If after 60 days, the collection agency cannot collect the debt, make satisfactory payment arrangements or cannot locate the guarantor, the collection agency will place the account with a credit-reporting agency.
- IV. An account will be turned over to an outside collection agency if/when an agreement cannot be made directly between Hospital and the guarantor. Contracts exist between Hospital and the outside collection agencies, requiring the collection agency to adhere to the following guidelines established by the Hospital:
- a. Legal action will only be taken by Hospital and/or it's contracted collection agency if:
 - i. There is evidence that the patient or guarantor has income and/or assets in excess of the levels suggested in the financial assistance policy; and
 - ii. The patient has failed to provide the information needed to determine eligibility for financial assistance; and
 - iii. The guarantor is no longer meeting his/her obligation under an agreed-upon payment plan and has not informed Hospital or the collection agency of a change in financial status.
 - b. Hospital and/or its contracted collections agency will not force the sale or foreclosure of a patient or guarantor's primary residence to pay an outstanding medical bill.
- V. Balances unrelated to payer contractual agreements may be adjusted and/or written-off as appropriate using the following guidelines:
- a. The Patient Accounts Representative may adjust and/or write-off balances as appropriate up to an amount of \$100 with manager approval.
 - b. The Revenue Cycle Manager may adjust and/or write-off balances as appropriate up to an amount of \$500
 - c. The Director of Finance may adjust and/or write-off balances as appropriate up to an amount of \$5000
 - d. Any balance over \$5000 must be reviewed by the CFO for adjustment and/or write-off.

- VI. If a balance is mistakenly or inappropriately sent to an outside collection agency, Hospital will immediately take the following actions:
- a. Notify the outside collection agency of the error and cancel the placement.
 - b. If/when the account has been resolved, notify the guarantor in writing of actions taken by Hospital to rectify the situation and apologize for the mistake.

END