

# RML SPECIALTY HOSPITAL

**POLICY NAME:** Self Pay Billing and Collection Practices

**POLICY NUMBER:** PFS 004

**EFFECTIVE DATE:** 04/07

**REVIEW DATES:** 06/12, 12/21

**REVISION DATES:** 11/23/15, 11/26/18, 2/23/21

**RESPONSIBILITY:** Controller

Signature: \_\_\_\_\_

**APPROVAL:** VP, Finance and CFO

Signature: \_\_\_\_\_

**APPROVAL:** President and CEO

Signature: \_\_\_\_\_

**COMMITTEE APPROVAL:** RML Board of Directors

Signature: \_\_\_\_\_

## I. PURPOSE

To establish consistent and appropriate collection practices for all patient self-pay financial obligations related to insured patient deductibles, co-insurance, non-covered services and uninsured patient financial obligations. RML Specialty Hospital (RML) will engage in timely and thorough collection efforts in accordance with Federal and State rules and regulations for self-pay balances due resulting from the rendering of medical services to patients. RML will not engage in Extraordinary Collection Actions (ECAs) against an individual to obtain payment for medically necessary services rendered before making reasonable efforts to determine if the individual is eligible for assistance under its Financial Assistance Policy (FAP).

## II. POLICY

The Patient Financial Services Department (PFS) shall maintain responsibility for collection of outstanding self-pay balances due RML. Collection activity consists of but is not limited to the following.

- Written communication of statements delineating self-pay balances owed.
- Follow up phone calls, letters, data mailers.
- Helping patients understand their financial assistance options and, where appropriate, helping develop reasonable payment plans.
- If necessary, engage use of external collection agencies and attorneys to escalate collection efforts when internal collection efforts have failed, and all provisions of this policy have been appropriately followed.

## III. DEFINITIONS

The following definitions apply to this policy:

1. **AGB** means amounts generally billed for medically necessary care to individuals who have insurance coverage.
2. **FAP** means RML's Financial Assistance Policy.
3. **Patient** means any person receiving medical services from RML and any individual who is the guarantor of the payment for such services.
4. **Insured** means any patient receiving medical services at RML who is insured by a health care plan.

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5. **Uninsured** means any patient receiving medical services at RML who is not insured by a health care plan and is not a beneficiary under a government-funded program, workers' compensation, or accident liability insurance.
6. **Self-pay collections** mean patient financial responsibilities owed to RML from the rendering of medical services from insured patients (i.e., deductibles, co-insurance, non-covered services etc.) and uninsured patients.
7. **ECAs** means extraordinary collection actions – a list of collection activities as defined by the Internal Revenue Service and the U.S. Treasury that healthcare organizations may only take against an individual to obtain payment for care *after* reasonable efforts have been made to determine whether the individual is eligible for financial assistance.
8. **Financial Assistance Application Period** means the period during which RML must accept and process an application for financial assistance under its FAP submitted by an individual in order to have made reasonable efforts to determine whether the individual is eligible for financial assistance under the policy. The Application Period begins on the date the care is provided and ends on the latter of the 240<sup>th</sup> day after the date that the first post-discharge billing statement for the care is provided or at least 30 days after RML provides the individual with a written notice that sets a deadline after which ECAs may be initiated.

## IV. PROCEDURE

### Communication to Patient for Self-Pay Financial Responsibility

If an insured patient has a self-pay balance due after insurance payment (i.e., copay, deductible, non-covered services,) the patient will receive a statement from PFS for the self-pay balance. Should the patient not be able to pay in full, the statement will include instructions on how the patient can request a reasonable payment plan within 30 days of the self-pay statement date. Uninsured patients will receive statements for self-pay financial obligations within 30 days of discharge along with information on the availability and process to apply for financial assistance. Internally generated statements will be sent to patients every 30 days until paid or referred to external collection firms for follow up. All statements will include the following information:

1. Patient name.
2. Dates of service or range of service dates.
3. Brief description of services provided.
4. Dollar amount owed for the services provided.
5. Any payments received on the account (insurance or self-pay).
6. Any adjustments applied to the account from insurance contracts.
7. Hospital contact information for addressing billing inquires.
8. Statement that uninsured patients may be eligible for Financial Assistance.
9. Notice that the patient/guarantor may obtain an itemized bill upon request.
10. Phone number for patients to call.
11. RML Specialty Hospital website address.

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## **B. Collection Responsibilities and Compliance Requirements**

### 1. Billing Inquiries for All Patients:

PFS must return calls made by patients as promptly as possible, but no later than 2 business days after the call is made. If the hospital's billing inquiry process involves written correspondence from the patient, PFS must respond within 10 business days of receipt of the patient correspondence.

### 2. Collection Activity for Uninsured Patients:

- a. If the uninsured patient has indicated an inability to pay the full amount in one payment, PFS shall work with the patient and offer a reasonable payment plan. Such payment plans will take into consideration the patient's financial circumstances including sources of revenues and assets.
- b. If the uninsured patient has indicated an inability to pay the amount due even after an offer of a reasonable payment plan, the case will be referred to the Admitting Department to determine eligibility for financial assistance. Admitting will indicate why the patient did not apply at time of admission and if the patient would qualify retroactively for Medicaid. If it appears there is potential eligibility for either Medicaid benefits or hospital financial assistance, the Admitting Department will commence the appropriate application process.

### 3. RML can pursue collections with an outside agency for uninsured patients only if:

- a. PFS has:
  - 1) Given the patient the opportunity to request and assess the accuracy of the statement;
  - 2) Given the patient the opportunity to apply for RML financial assistance;
  - 3) Provided the patient with a plain-language summary of the Financial Assistance Policy;
  - 4) Offered a reasonable payment plan;
  - 5) Notified the patient that the hospital intends to pursue collection efforts using an outside agency.
- b. The patient has indicated an inability to pay the full amount in one payment, and the hospital has offered the patient a reasonable payment plan.
- c. The circumstances of the uninsured patient suggest the potential for eligibility for financial assistance and the uninsured patient has been given at least 240 days following the date of the first post-discharge billing statement for medically necessary care to submit an application for financial assistance.
- d. If the uninsured patient has agreed to a reasonable payment plan with RML, and the patient has failed to make payments in accordance with that reasonable payment plan.
- e. If the uninsured patient informs RML that he/she has applied for health care coverage under Medicaid, or other government-sponsored health care

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program (and there is a reasonable basis to believe that the patient will qualify for such program) but the patient's application is denied.

4. Collection Action Referral to External Collection Agencies or Attorneys
  - a. RML may not refer a bill, or portion thereof, to a collection agency or attorney for collection action against the insured patient, without first offering the patient the opportunity to request a reasonable payment plan for the amount personally owed by the patient. Such an opportunity shall be made available for the 30 days following the date of the initial post-discharge bill. If the insured patient requests a reasonable payment plan but fails to agree to a plan within 30 days of the request, RML may proceed with collection action against the patient.
  - b. No collection agency, law firm, or individual may initiate legal action for non-payment of a hospital bill against a patient (insured or uninsured) without the written approval of either the President/CEO or the Vice President Finance/CFO who reasonably believes that all conditions in this policy for pursuing collections have been met.
  - c. RML shall only refer accounts for collection activity to external collection agencies, law firms or other individuals engaged by the hospital to obtain payment of patient outstanding self-pay obligations that agree in writing to comply with the State of Illinois Fair Patient Billing Act.
  - d. RML will not pursue legal action for non-payment of a hospital bill against uninsured patients who have clearly demonstrated that they have neither sufficient income nor assets to meet their financial obligations provided the patient:
    - 1) Acts reasonably and cooperates in good faith with RML;
    - 2) Provides RML with all reasonably requested financial and other documentation needed to determine patient eligibility for financial assistance and reasonable payment plan options;
    - 3) Provides information within 30 days of the hospital's request;
    - 4) Communicates to the hospital any material changes in financial situation that may affect the patient's ability to comply with payment plans or qualify for hospital financial assistance within 30 days of such change.
5. Extraordinary Collection Actions (ECA) RML May Take
  - a. RML may refer a patient to an external collection agency or attorney upon written approval of the President/CEO or the Vice President of Finance/CFO pursuant to sections II.3 and II.4 of this policy.

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- b. RML, or the external collection agency or attorney, may take the following actions:
  - 1) Place a lien on a patient's primary residence, but will not do so if this is the patient's sole real asset unless the value of the property clearly indicates an ability to assume significant financial obligations. RML will not execute a lien for the purpose of forcing the sale or foreclosure of the patient's primary residence to pay for an outstanding medical bill.
  - 2) File a civil action
  - 3) Report the unpaid debt to one or more credit reporting agencies.
  - 4) Garnish wages.
- c. RML will refrain from using aggressive collection practices such as seizing bank accounts or body attachment to require the patient or responsible party to appear in court.

## **C. Determining Financial Assistance Eligibility Prior to ECA**

1. Prior to engaging in any ECAs, RML will make reasonable efforts to determine whether individuals are eligible for financial assistance. To that end, RML will notify individuals about the FAP before initiating any ECAs to obtain payment for the care and refrain from initiating such ECAs for at least 120 days from the date RML provides the first post-discharge billing statement for the care.
2. RML will take the following actions at least 30 days before first initiating one or more of the above ECA(s) to obtain payment for care:
  - a. Provide the individual with a written notice that indicates financial assistance is available for eligible individuals, identify the ECA(s) that RML (or other authorized party) intends to initiate to obtain payment for the care, and state a deadline after which such ECA(s) may be initiated that is no earlier than 30 days after the date that the written notice is provided.
  - b. Provide the individual with a plain language summary of the FAP with the written notice described above.
  - c. Make a reasonable effort to orally notify the individual about RML's FAP and about how the individual may obtain assistance with the FAP application process.
3. If RML aggregates an individual's outstanding bills for multiple episodes of care before initiating one or more ECAs to obtain payment for those bills, it will refrain from initiating the ECA(s) until 120 days after it provided the first post-discharge billing statement for the most recent episode of care included in the aggregation.
4. RML does not defer or deny, or require a payment before providing, medically necessary care because of an individual's nonpayment of one or more bills for previously provided care covered under RML's FAP.

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## **D. Processing FAP Applications**

RML will process FAP applications in accordance with the provisions set forth below.

### 1. Submission of Complete FAP Application

- a. If an individual submits a complete FAP application during the Application Period, RML will:
  - 1) Suspend any ECAs against the individual (with respect to charges to which the FAP application under review relates).
  - 2) Decide as to whether the individual is FAP-eligible and notify the individual in writing of the eligibility determination (including, if applicable, the assistance for which the individual is eligible) and the basis for this determination.
  - 3) If RML determines the individual is FAP-eligible, RML will:
    - a) Provide the individual with a statement that indicates the amount the individual owes for the care as a FAP-eligible individual (if the individual is eligible for assistance other than free care) and how that amount was determined and states, or describes how the individual can get information regarding, the AGB for the care.
    - b) Refund to the individual any amount he or she has paid for the care (whether to the hospital facility or any other party to whom the hospital facility has referred or sold the individual's debt for the care) that exceeds the amount he or she is determined to be personally responsible for paying as a FAP-eligible individual, unless such excess amount is less than \$5 (or such other amount published in the Internal Revenue Bulletin).
    - c) Take all reasonably available measures to reverse any ECA (except for a sale of debt) taken against the individual to obtain payment for the care.
2. If, upon receiving a complete FAP application from an individual who RML believes may qualify for Medicaid, RML may postpone determining whether the individual is FAP-eligible for the care until after the individual's Medicaid application has been completed and submitted and a determination as to the individual's Medicaid eligibility has been made.

### 3. Submission of Incomplete FAP Application

- a. If an individual submits an incomplete FAP during the Application Period, RML will:

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- 1) Suspend any ECAs against the individual (with respect to charges to which the FAP application under review relates).
  - 2) Provide the individual with a written notice that describes the additional information and/or documentation required under the FAP or FAP application form that the individual must submit to RML to complete his/her FAP application.
- b. If an individual who has submitted an incomplete FAP application during the Application Period subsequently completes the FAP application during the Application Period (or, if later, within a reasonable timeframe given to respond to requests for additional information and/or documentation), the individual will be considered to have submitted a complete FAP application during the Application Period.

## **E. Notification Concerning Out-of-Network Providers**

Upon admission or shortly thereafter, PFS shall notify patients in writing that:

1. Patients may receive separate bills for services provided by health care professionals affiliated with the hospital.
2. Some hospital health care professionals may not be participating providers in the same insurance plans and networks as the hospital.
3. The patient may have a greater financial responsibility for services provided by out-of-network providers.
4. Inform the patients they should refer to their health care plan for questions regarding coverage or benefit levels.

## **F. Special Circumstances**

Collection efforts shall cease or be placed on hold when directed by either the President/CEO or Vice President of Finance/CFO of RML. Directives may be initiated in special circumstances involving allegations of malpractice or other such administrative determinations. PFS shall appropriately document in the notes of the billing system administrative orders to cease or hold such collection efforts.

## **G. Miscellaneous Provisions**

1. Anti-Abuse Rule – RML will not base its determination that an individual is not FAP-eligible on information that RML has reason to believe is unreliable or incorrect or on information obtained from the individual under duress or through the use of coercive practices.
2. No Waiver of FAP Application – RML will not seek to obtain a signed waiver from any individual stating that the individual does not wish to apply for assistance under the FAP, or receive the information described above, in order to determine that the individual is not FAP-eligible.

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3. Final Authority for Determining FAP Eligibility – Final authority for determining that RML has made reasonable efforts to determine whether an individual is FAP-eligible and may therefore engage in ECAs against the individual rests with the Vice President of Finance/CFO or President/CEO of RML.
4. Agreements with Other Parties – If RML sells or refers an individual's debt related to care to another party, RML will enter into a legally binding written agreement with the party that is reasonably designed to ensure that no ECAs are taken to obtain payment for the care until reasonable efforts have been made to determine whether the individual is FAP-eligible for the care.
5. Providing Documents Electronically – RML may provide any written notice or communication described in this policy electronically (for example, by email) to any individual who indicates he or she prefers to receive the written notice or communication electronically.

## H. Hospital Contact Information

### **Hinsdale**

Admitting Department  
5601 S. County Line Rd.  
Hinsdale, IL 60521  
Phone #: 630-286-4516  
Fax #: 773-826-2851

### **Chicago**

Admitting Department  
Available by appointment  
3435 West Van Buren Street  
Chicago, IL 60624  
Phone #: 630-286-4516  
Fax #: 773-826-2851

**Website:** <https://www.rmlspecialtyhospital.org/discharge-planners/financial-information/#financial>