

Mercy Health System Corporation Policy: Billing and Collections

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Effective: 7/01/2016

I. POLICY:

Mercy Health System Corporation's (Mercy's) policy is to provide exceptional health care services to people in the communities Mercy serves, regardless of age, race, national origin, gender, religion or disability. In order to sustain its ability to continue to serve patients in its communities, Mercy will use standard billing and collection guidelines set forth in this policy. Mercy may take the Extraordinary Collection Actions (ECAs) outlined in this policy to obtain payment for services provided.

This policy for billing and collection of self-pay accounts will ensure that Mercy uses collection efforts that comply with all applicable state and federal laws. Self-pay accounts may include co-payments, deductibles, non-covered and other patient responsible balances, including amounts owed by individuals without insurance or other third party coverage. Any balance not covered by a Third Party Payor becomes the personal responsibility of the Guarantor. Every Guarantor will be given reasonable time and communication to be aware and understand their financial responsibility. It is the Guarantor's responsibility to understand the Third Party Payor's coverage and the Guarantor will be held financially responsible for services provided and documented.

II. DEFINITIONS:

- A. **Bad Debt Status:** When an account is in Bad Debt Status, it has not been deemed totally worthless and uncollectible. Outside collection agencies are used to collect accounts in Bad Debt Status. After the lesser of either the Outside Collection Agency exhausting all avenues for collection or 15 months elapsing from placement with no reasonable activity, the account will be returned to Mercy and deemed totally uncollectible.
- B. **Bad Debt Write-off:** An adjustment to a patient account for amounts deemed to be uncollectible, but the patient has the ability to pay the outstanding balance. This determination is based on established collection criteria and is made only after an account has been billed and appropriate collection follow-up efforts have been taken.
- C. **Extraordinary Collection Actions (ECAs):** These are the collection actions designated as ECAs in Section V below.
- D. **Financial Assistance:** Financial Assistance means assistance offered by Mercy to patients who meet certain financial and other eligibility criteria as defined in Mercy's Hospital Financial Assistance Policy to help them obtain the financial resources necessary to pay for medically necessary or emergent health care services provided by Mercy in a hospital setting. Financial assistance does not include contractual allowances with Third Party Payors.

- E. **Guarantor:** The person who is financially responsible for the patient's bill. In the case of an adult, the patient is his/her own Guarantor. Children under the age of 18 cannot be listed as their own Guarantor; Mercy will ask who the adult is that is financially responsible for the child. If the person presenting the child for the appointment is someone other than a parent (i.e. babysitter, grandparent, neighbor, etc.), they must provide the parent's information, which will be entered as the Guarantor. If the parents are separated or divorced, Mercy will ask for the name of the parent who has custody of the child. If the custody arrangement is 50/50 for each parent, then either parent can be the Guarantor.
- F. **Patient Responsibility:** Any balance due where the financially responsible party is the Guarantor (not a Third Party Payor). Also known as "self-pay".
- G. **Plain Language Summary (PLS):** A plain language summary of Mercy's Hospital Financial Assistance Policy.
- H. **Third Party Payor:** Any organization, public or private, that pays or insures health or medical expenses on behalf of beneficiaries or recipients, such as commercial insurance companies, Medicare, and Medicaid.

III. BILLING PROCESS AND GUIDELINES

Mercy will gather information to schedule appointments and may complete pre-registration review. Based on initial information, Mercy will, to the best of its ability, determine if Third Party Payors are in network. If it is determined that Mercy providers are not in a Third Party Payor's network a patient may be referred to another facility. As required under Illinois law, for Illinois hospitals, in the event that Mercy determines that the patient's insurance plan does not cover services provided, coverage cannot be verified, or Mercy is not a participating provider with the patient's insurance plan, Mercy shall provide the patient a written notification, during admission or as soon as possible thereafter, that he or she may, as applicable: (1) be responsible for all or a portion of the charges for the services provided; (2) receive separate bills for services provided by health care professionals affiliated with Mercy; (3) be treated by medical staff members who do not participate in the same insurance plans and networks as Mercy and that he or she may have a greater financial responsibility for services provided by health care professionals at Mercy who are not under contract with the patient's insurance plan; (4) direct questions about coverage or benefit levels to the patient's insurance plan and refer to his or her certificate of coverage; or (5) have the right, under the Illinois Health Care Reimbursement Act, to have the insurer bear responsibility for any non-covered or out of network ancillary providers charges if he or she is seeking covered services that are not available from a contracted provider and he or she has made a good faith effort to use the services of a contracted provider but such services are unavailable. Questions regarding such liability must be directed by the patient to his or her insurance plan.

Many Third Party Payors require the patient's physician or the policyholder to obtain authorization prior to receiving services. If the Third Party Payor has such a requirement, the patient must confirm with his/her physician or Third Party Payor that prior authorization has been secured. Failure to secure required prior authorization might result in partial or complete denial of benefits from the Third Party Payor for the hospitalization. The Guarantor could be

responsible for payment of any denied charges due to lack of prior authorization, unless contractually prohibited.

Patients must present complete and accurate information that ensures the capture of the information necessary to effectively provide care and to bill for services rendered. Mercy will bill most Third Party Payors after an assignment of benefits form is collected.

Mercy will bill the Third Party Payor after discharge and after completion of the necessary medical record coding for the services provided. Claims not paid by the Third Party Payor within the payment time frames will be identified for follow-up.

- A. **Medicare** - Mercy is a certified Medicare provider. Both Medicare Part A & B for hospital services will be billed upon verification of coverage. Mercy will submit supplemental insurance claims for outstanding balances. Balances not covered by Medicare or a supplemental insurance company will be Patient Responsibility.
- B. **Medicaid** - Medicaid is the payor of last resort. Patients must notify Mercy if there is another Third Party Payor or if they obtain Medicaid during the billing cycle. Certain Medicaid programs require patient payment called a “spend-down” The Guarantor will be responsible for immediate payment of any spend down amount.
- C. **Workers Compensation** - Charges for hospital services incurred as a result of a work related injury will be treated in accordance with the applicable state laws. If an employer disputes a claim, it is the patient’s responsibility to file appeals. During the appeal, Mercy will not pursue collection efforts while claim is in review. If the appeal is denied, it will become Patient Responsibility

Mercy will make reasonable efforts to collect from a Third Party Payor prior to billing the patient for services rendered. After reasonable efforts are made to collect from the Third Party Payor Mercy may seek assistance from the patient to contact the Third Party Payor to resolve the outstanding claim.

After payment is received from the Third Party Payor, any remaining unpaid or non-covered Patient Responsibility amounts will be billed to the Guarantor. A statement of hospital and physician services is sent to the Guarantor in incremental billing cycles. For hospital services, the initial bill shall contain the following information: (i) the date or dates that health care services were provided to that patient; (ii) a brief description of the hospital services; (iii) the amount owed for hospital services; (iv) hospital contact information for addressing billing inquiries; (v) clear and conspicuous written notice about the availability of Financial Assistance; (vi) a statement regarding how the patient may apply for consideration under Mercy's Hospital Financial Assistance Policy, including a telephone number for an office that can provide information about Financial Assistance and the website address where copies of Mercy's Hospital Financial Assistance Policy may be obtained; and (vii) notice that the patient may obtain an itemized bill upon request. The bill shall also include a telephone number to allow the Guarantor to inquire about or dispute the bill.

Accounts that are deemed self-pay will receive up to four statements and/or notices asking that the account balance be paid. Mercy will continue to send monthly statements until the balance is paid in full or written off to Bad Debt Status.

Customer Service Representatives or Patient Financial Counselors may attempt to contact the Guarantor (via telephone, mail, collection letter, or email) during the statement billing cycles in order to pursue collection. Collection efforts are documented on the patient's account.

After exhausting reasonable efforts over a period of up to 120 days after Mercy has provided the first billing statement to collect a self-pay balance, Mercy may refer the account to an outside collection agency. Such referral will not be deemed to be an Extraordinary Collection Action (ECA).

IV. PAYMENT METHODS AND EXPECTATIONS

Mercy will accept a variety of payment forms including cash, check, bank credit card, VISA, MasterCard, American Express, and Discover Card.

Mercy will extend interest-free installment payment plans for the Patient Responsibility portion of the bill. Patients may pay balances in equal installments of \$50 or more over a period of up to 24 months. Patients may make installment payment arrangements with the Patient Financial Counselor or a Customer Service Representative. Extenuating factors which warrant an extended payment plan of more than two years will be considered, but must be approved by the Director of Patient Accounts. If the patient defaults on a payment plan, the account will be reviewed for outside collection action. Once an account is turned over to an outside agency it will remain with the agency until paid in full or the account is returned from the agency.

Extended financing programs through a bank or credit union are available for those patients who need to make payments over a longer period of time. A Patient Financial Counselor or Customer Service Representative will provide patients with more information about this option.

Patients receiving elective, cosmetic or other non-medically necessary services are required to pay 100% of the amount due before the service is rendered.

V. COLLECTION ACTIVITY AND EXTRAORDINARY COLLECTION ACTIVITIES

Mercy will not assign accounts for external collection or engage in ECAs before making reasonable efforts to determine whether the patient is eligible for Financial Assistance under Mercy's Hospital Financial Assistance Policy. Further, Mercy will not refer an account to an outside collection agency without first offering the patient the opportunity to obtain a reasonable payment plan.

For any statement returned due to an incorrect or "bad" address, reasonable measures will be taken to locate the correct address. If reasonable attempts fail, the account will be referred to an outside collection agency after 60 days have passed since the date of discharge or, for outpatient services, the date in which care was provided.

The Director of Patient Accounts is responsible for ensuring that all collection efforts undertaken by a third-party on behalf of Mercy will be consistent with Mercy's Mission, Vision and Values and that the third parties treat everyone with respect and comply with applicable regulations. The standards and scope of collection practices will be outlined in written agreements with each

individual agency. Mercy will be notified of any substantiated patient/family complaint regarding the conduct of the collection agency.

Mercy or its agents may take Extraordinary Collection Actions (ECAs) after 120 days have passed since the first post-discharge billing statement related to the care. ECAs that Mercy or its agents may take include:

- A. Reporting adverse information about the individual to consumer credit reporting agencies or credit bureaus.
- B. Actions that would require a legal of judicial proceeding, including, without limitation, placing a lien on an individual's property or garnishing an individual's wages. (Mercy currently limits ECAs of this type to placing a lien on an individual's property or garnishing an individual's wages. Mercy may, in its sole discretion, change this limitation at any time.)
- C. Deferring or denying, or requiring a payment before providing, non-emergency medically necessary care because of an individual's nonpayment of one or more bills for previously provided care.
- D. Selling an individual's debt to another party. (Mercy currently does not do this. Mercy may, in its sole discretion, change this limitation at any time.)

Notwithstanding the foregoing, the following shall not be considered ECAs: (i) any lien that Mercy is entitled to assert under state law on the proceeds of a judgment, settlement, or compromise owed to a patient (or his or her representative) as a result of personal injuries for which Mercy provided care; and (ii) the filing of a claim in any bankruptcy proceeding.

Mercy or its agent will notify the patient in writing a minimum of 30 days prior to engaging in an ECA. Such notification will: (i) provide written notice that indicates Financial Assistance is available for eligible patients, that identifies any ECAs that Mercy may take in the event of non-payment, and states a deadline after which such ECAs may be initiated; (ii) provide the patient with a copy of the Plain Language Summary of the Hospital Financial Assistance Policy; and (iii) make reasonable efforts to orally notify the patient about Mercy's Hospital Financial Assistance Policy. If within the 30 day notice period the patient requests Financial Assistance, and no more than 240 days has passed from the first post discharge bill (the Application Period), then the patient will be given an opportunity to apply for Financial Assistance before an ECA may be initiated. In the event an ECA has been initiated during the Application Period and the patient requests Financial Assistance then the ECA will be suspended to allow for the patient to apply for Financial Assistance. If Mercy aggregates an individual's outstanding bills for multiple episodes of care before initiating one or more ECAs to obtain payment for those bills, it must 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.

Notwithstanding the foregoing, and in the event whereby Mercy intends to defer or deny non-emergency care, Mercy may notify a patient about the Hospital Financial Assistance Policy less than 30 days before such deferral or denial, provided that Mercy provides the patient with a financial assistance application form and a written notice indicating that financial assistance is available for eligible patients and stating a deadline after which Mercy will no longer accept and process an application submitted by the patient for the previous care at issue. The deadline will be the later of 30 days after the date that such written notice is provided or 240 days after the date that the first post-discharge billing statement for the previously provided care was provided.

If the patient submits a financial assistance application, Mercy shall process the application on an expedited basis.

Mercy will suspend any ECA to collect payment for care when a patient submits an application for Financial Assistance until either—(i) Mercy has determined whether the individual is eligible for Financial Assistance based on a complete application; or (ii) in the case of an incomplete application, the individual has failed to respond to requests for additional information and/or documentation within a reasonable period of time given to respond to such requests. If the patient is eligible for Financial Assistance, Mercy will: (i) refund to the patient any amount he or she has paid for care that exceeds the patient's calculated personal responsibility; (ii) provide the patient a billing statement that indicates the amount the patient owes for the care as a Financial Assistance eligible patient and an explanation of how the amount was calculated, including a description of how the patient can get information regarding the Amount Generally Billed (as defined in Mercy's Hospital Financial Assistance Policy); and (iii) take all reasonably available measures to reverse any ECAs (except the sale of debt) taken against the patient to obtain payment for the care.

In lieu of an application, Mercy may determine a patient's eligibility for Financial Assistance for care based on information other than that provided by the patient or based on a prior Financial Assistance determination, provided that if the patient is determined to be eligible for less than free care, Mercy must: (i) notify the patient regarding the basis for the determination and the method for applying for more generous Financial Assistance; and (ii) give the patient a reasonable period of time to apply for more generous assistance before initiating ECAs.

The Patient Accounting Department leadership has final authority to determine whether an MRHS hospital has made reasonable efforts to determine eligibility for Financial Assistance programs.

VI. PATIENTS WHO HAVE QUESTIONS

A Patient Accounts Customer Service Representative is available to answer questions in confidence before, during, and after hospitalization or service. Patients may call Customer Service at 866-269-7115 or (608) 741-7630 for more information or if they have questions/concerns about Mercy's payment policies.

Citations:

26 CFR s. 1.501(r)

CMS Provider Reimbursement Manual (PRM) 15-1, Section 310

210 ILCS 89/1 et. seq.

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