

BILLING & COLLECTION POLICY



SOURCE: Financial Services

Effective Date: 1/1/2017

Policy Statement

After our patients have received services, it is the policy of Lakewood Health System to bill the patient and their applicable payors in a timely and accurate basis. During this billing and collection process, staff will provide quality customer service and timely follow-up, and all outstanding accounts will be handled in accordance with the Minnesota Attorney General and the IRS and Treasury's 501(r) final rule under the authority of the Affordable Care Act.

Purpose

It is the goal of this policy to provide clear and consistent guidelines for conducting billing and collections functions in a manner that promote compliance, patient satisfaction, and efficiency. Using billing statements, written correspondence, and phone calls, Lakewood Health system will make diligent efforts to inform patients of their financial responsibilities and available financial assistance options, as well as follow up with patients regarding outstanding accounts. Additionally, this policy requires Lakewood Health System to make reasonable efforts to determine a patient's eligibility for financial assistance under Lakewood Health System's financial assistance policy before engaging in extraordinary collection actions to obtain payment.

Definitions

Extraordinary Collection Actions (ECA's): A list of collection activities, as defined by the IRS and 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. These actions are further defined in Section II of this policy below and include actions such as reporting adverse information to credit bureaus/reporting agencies along with legal/judicial actions such as garnishing wages.

Financial Assistance Policy (FAP): A separate policy that describes Lakewood Health System's financial assistance program—including the criteria patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance.

Reasonable Efforts: A certain set of actions a healthcare organization must take to determine whether an individual is eligible for financial assistance under Lakewood Health System's financial assistance policy. In general, reasonable efforts may include making presumptive determinations of eligibility for full or partial assistance as well as providing individuals with written and oral notifications about the FAP and application process.

Procedures

I. Billing Practices

A. Insurance Billing

1. For all insured patients, Lakewood Health System will bill all third-party payor information (as based on information provided by or verified by the patient) in a timely basis.

BILLING & COLLECTION POLICY



SOURCE: Financial Services

2. If a claim is denied (or is not processed) by a payor due to an error on our behalf, Lakewood Health System will not bill the patient for any amount in excess of what the patient would have owed had the payor paid the claim.
3. If a claim is denied (or is not processed) by a payor due to factors outside of Lakewood Health System's control, staff will follow up with the payor and patient as appropriate to facilitate the resolution of the claim. If resolution of the claim does not occur after prudent follow-up efforts, Lakewood Health System may bill the patient or take other actions consistent with current industry standards.

B. Patient Billing

1. All uninsured patients will be billed directly and timely, and they will receive a statement as part of Lakewood Health System's normal billing process.
2. For insurance patients, after claims have been processed by third-party payors, Lakewood Health System will bill patients in a timely fashion for their respective liability amounts as determined by their insurance benefits.
3. All patients may request an itemized statement for their accounts at any time.
4. If a patient disputes his or her account and requests written documentation regarding the bill, staff members will provide the requested documentation in writing within 10 days (if possible) and will hold the account for at least 30 days before referring the account for collection.
5. Lakewood Health System offers a 5% discount for all medically necessary balances paid in full within 30 days from the original statement date.
6. A \$30 fee will be assessed on all NSF checks.
7. Lakewood Health System will approve interest free payment arrangements for patients whereby the patient pays the greater of \$50 or 10% of the original patient balance per month.
 - a. Lakewood Health System's Patient Financial Service Managers and Directors have the authority to make exceptions to this policy on a case-by-case basis for special circumstances.
 - b. Lakewood is not required to accept patient-initiated payment arrangements and may refer accounts for collection if the patient is unwilling to make acceptable payment arrangements or has defaulted on a Lakewood Health System approved payment plan.

II. Collections Practices

- A. In compliance with relevant state and federal laws, and in accordance with the provisions outlined in this Billing and Collections Policy, Lakewood Health System may engage in collection activities—including extraordinary collection actions (ECA's)—to collect outstanding patient balances.
1. General collection activities may include follow-up calls on statements.

BILLING & COLLECTION POLICY



SOURCE: Financial Services

2. Patient balances may be referred to a third party for collection at the discretion of Lakewood Health System. Lakewood Health System will maintain ownership of any debt referred to debt collection agencies, and patient accounts will be referred for collection only with the following caveats:
 - a. There is a reasonable basis to believe the patient owes the debt.
 - b. All third-party payors, supplied to Lakewood, have been properly billed and the remaining debt is the financial responsibility of the patient. Lakewood Health System shall not bill a patient for any amount that an insurance company is obligated to pay.
 - c. Lakewood Health System will not refer accounts for collection while a claim on the account is still pending payor payment. However, Lakewood Health System may classify certain claims as “denied” if such claims are stuck in “pending” mode for an unreasonable length of time despite efforts to facilitate resolution.
 - d. Lakewood Health System will not refer accounts for collection where the claim was denied due to a Lakewood Health System error. However, Lakewood Health System may still refer the patient liability portion of such claims for collection if unpaid.
 - e. Lakewood Health System will not refer accounts for collection where the patient has initially applied for Financial Assistance or other Lakewood Health System-sponsored program and Lakewood Health System has not yet notified the patient of its’ determination (provided the patient has complied with the timeline and information requests delineated by Lakewood Health System during the application process.
 - f. Unresolved account balances may also be turned over to the Minnesota Department of Revenue for Revenue Recapture of your state income tax refund.

- B. **Reasonable Efforts and Extraordinary Collections Actions (ECA’s)**
 1. Before engaging in ECA’s to obtain payment for care, Lakewood Health System must make certain reasonable efforts to determine whether an individual is eligible for financial assistance under our financial assistance policy:
 - a. ECA’s may begin only when 120 days have passed since the first post-discharge statement was provided.
 - b. However, at least 30 days before initiating ECA’s to obtain payment, Lakewood Health System shall do the following:
 - i. Provide the individual with written notice that indicates the availability of financial assistance, lists potential ECAs that may be taken to obtain payment for care, and gives a deadline after which ECAs may be initiated (no sooner than 120 days after the first post-discharge billing statement and 30 days after the written notice)
 - ii. Provide a plain-language summary of the FAP along with the notice described above.
 - iii. Attempt to notify the individual orally about the FAP and how he or she may get assistance with the application process.

BILLING & COLLECTION POLICY



SOURCE: Financial Services

2. After making reasonable efforts to determine financial assistance eligibility as outlined above, Lakewood Health System (or its authorized business partners) may take any of the following ECA's to obtain payment for care:
 - a. Report adverse information to credit reporting agencies
 - b. Take action to foreclose property
 - c. Garnish wages
 - d. Place a lien on property
3. If a patient has an outstanding balance for previously provided care, Lakewood Health System may engage in the ECA of deferring denying, or requiring payment before providing additional medically necessary (but non-emergent) care only when the following steps are taken:
 - a. Lakewood Health System provides the patient with an FAP application and a plain language summary of the FAP.
 - b. Lakewood Health System provides a written notice indicating the availability of financial assistance and specifying any deadline after which a completed application for assistance for the previous care episode will no longer be accepted. This deadline must be at least 30 days after the notice date of 240 days after the first post-discharge billing statement for prior care—whichever is later.
 - c. Lakewood Health System makes a reasonable effort to orally notify the individual about the financial assistance policy and explain how to receive assistance with the application process.
 - d. Lakewood Health System processes on an expedited basis any FAP applications for previous care received within the stated deadline.
4. Lakewood Health System's Patient Financial Services Department is ultimately responsible for determining whether Lakewood Health System and its business partners have made reasonable efforts to determine whether an individual is eligible for financial assistance. This body also has final authority for deciding whether the organization may proceed with any of the ECA's outlined in this policy.

III. Financial Assistance

- A. All billed patients will have the opportunity to contact Lakewood Health System regarding financial assistance of their accounts, payment plan options, and other applicable programs.
 1. Lakewood Health System's financial assistance policy is available free of charge. Request a copy:
 - a. In person at the Staples Clinic at 49725 County 83, Staples, MN 56479
 - b. By calling the financial counseling department at 218-894-8337 or 218-894-8394, or by mailing a request to 49725 County 83 Staples, MN 56479, attention Patient Financial Services
 - c. Online at www.lakewoodhealthsystem.com
 2. Individuals with questions regarding Lakewood Health System's financial assistance policy may contact the Patient Financial Services office by phone at 218-894-8337 or 218-894-8394 or in person at 49725 County 83, Staples, MN 56479.
 - a. You also have the option to address any concerns with the Minnesota Attorney General's Office at 651-296-3353 or 800-657-3787.

BILLING & COLLECTION POLICY

SOURCE: Financial Services



IV. Customer Service

A. During the billing and collection process, Lakewood Health System will provide quality customer service by implementing the following guidelines:

1. Lakewood Health System will enforce a zero-tolerance standard for abusive, harassing, offensive, deceptive, or misleading language or conduct by its employees.
2. Lakewood Health System will maintain a streamlined process for patient questions and/or disputes, which includes a toll-free phone number patients may call and a prominent business office address to which they may write. This information will remain listed on all patient bills and collections statements sent.
3. After receiving a communication from a patient (by phone or in writing), Lakewood Health System staff will return phone calls to patients as promptly as possible (but no more than one business day after the call was received) and will respond to written correspondence within 10 days.
4. Lakewood Health System will maintain a log of patient complaints (oral or written) that will be available for audit.

Annual Review: At least once per year, Lakewood Health System's Board of Directors will review this and related policies and activities to ensure compliance with Lakewood Health System's standards.