

Billing and Collection Policy

KEY TERMS: Billing, Collection

I. **PURPOSE:**

This policy, together with Carilion’s Emergency Medical Care and Financial Assistance Policies, is intended to meet the requirements of applicable federal, state, and local laws, including, without limitation, section 501(r) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. This policy establishes the actions that may be taken in the event of nonpayment for medical care provided by Carilion, including collection actions and reporting to credit agencies. The guiding principles behind this policy are to treat all patients with dignity and respect and to ensure appropriate billing and collection procedures are uniformly followed in order to ensure Carilion’s stewardship of our patients’ and communities’ resources and to achieve long-term sustainability as a provider of health care services.

The goal of the Billing and Collection Policy is to ensure timely collection of accounts receivable of the organization. Carilion will not engage in any extraordinary collection actions (ECAs) until a reasonable effort has been made to determine whether the patient is eligible for assistance under the Financial Assistance Policy (FAP). Revenue Cycle Management is responsible for making the decision that Carilion has engaged in reasonable efforts to determine whether a patient is eligible for financial assistance and may engage in ECAs with respect to the patient.

II. **SCOPE:**

III. **DEFINITIONS:**

Billing Customer Service - The department that is responsible for addressing billing and payment questions from Carilion patients.

Extraordinary collection actions (ECAs) – Any collection action that may be taken by Carilion against an individual to obtain payment for medical care that requires a legal or judicial process (including but not limited to wage garnishment, liens, and lawsuits); and reporting adverse information to credit agencies.

Financial Assistance Policy (FAP) – The policy outlining the circumstances and eligibility criteria under which Carilion will provide free or discounted care to patients.

Medically Necessary – Medical care or supplies required to diagnose or treat a medical condition and that meets accepted standards of medical practice.

Non-Contracted/Non-Network Employer Health Coverage or “Reference-Based Pricing” Coverage – A non-network, uncontracted coverage arrangement rendered to patients utilizing a practice known as “reference-based pricing”, a pricing methodology that prices a claim or a bill for medical services starting at a benchmark or reference price point determined by the employer, and/or plan administrator with no input or agreement from Carilion. Non-Network Employer Health Coverage and other Reference Based Pricing Coverage arrangements are not traditional insurance plans, and therefore are not regulated by the Bureau of Insurance.

Patient Responsibility – The portion of a medical bill that the patient is personally required to pay rather than their commercial insurance company, a government program, employer, or other payors, including but not limited to: co-payments, co-insurance, deductible and other balances that remain after payments and/or contracted adjustments from a commercial insurance company, government program, employer, or other payor are applied.

Third-Party Coverage – (1) A third-party insurer, (2) employer-sponsored retirement plans governed by an ERISA (3) A federal, state, or, local government health care program (including without limitation Medicare, Medicaid, SCHIP, and TRICARE), and (4) Workers’ Compensation, Medical Savings Accounts, or other coverage for any part of the bill, including claims against third parties covered by insurance to which Carilion is subrogated, but only if accurate payment in full is actually made by such insurance company.

Uninsured - The patient has no coverage under private health insurance, Medicare, Medicaid, Children’s Health Insurance Program (CHIP), a state-sponsored or other government-sponsored plan or program, or a military health plan. Patients who have Non-Network Employer Health Coverage or other Referenced Based Pricing Coverage arrangements are not “Uninsured” as defined in this policy.

IV. PROCEDURE:

In its sole discretion, Carilion may require payment in full for any known Patient Responsibility for medical care prior to or at the time care is provided (other than emergency or medically necessary Care). With respect to Emergency or medically necessary Care, Carilion will require payment for any known Patient Responsibility amounts after the care is provided. Patients scheduled to receive non-emergency or medically necessary care with known Patient Responsibility will be counseled as to these requirements.

Non-Network Employer Health Coverage and other Reference Based Pricing Coverage arrangements have no contract with Carilion. This means patients may be responsible for up to 100% of charges. It is the responsibility of the insured or guarantor to know if their plan is non-contracted/non-network employer health coverage or "reference-based pricing" coverage and to understand what that means for the patient responsibility. If unsure, patient should contact their employer or insurance provider for education.

Patients who present to a Carilion facility with such coverage arrangements may have a claim filed to such coverage by Carilion in its sole discretion strictly as a courtesy, however, Carilion has no obligation to do so. The patient will be billed for any Patient Responsibility, including any difference between billed charges and amounts paid by such coverage arrangements. As Non-Network Employer Health Coverage and other Reference Based Pricing Coverage arrangements have no contract with Carilion and are not regulated by the Bureau of Insurance, the patient is personally responsible for all follow-up and communication with such coverage arrangements, its affiliates, and/or and legal representatives or representation.

Patients who do not identify their coverage information at the time of service will be registered as being personally responsible for payment of their entire medical bill as Patient Responsibility until the Billing Customer Service office is otherwise notified (1-866-720-3742). It is the responsibility of the patient to provide the hospital, practice office, or billing office with a copy of their coverage information.

If a patient has not paid in full for services at the time medical care is provided, Carilion will bill the patient for any Patient Responsibility amounts after receipt of any payment from their commercial insurance company, a government program, or employer, or Third-Party Coverage payments. Patients will receive up to four (4) billing statements, generated at 30-day intervals.

All billing statements will include a written notice regarding the availability of financial assistance under the Carilion FAP, including contact information identifying where the patient may obtain further information, financial assistance-related documents, and the website where such documents may be found.

Billing statements for Patient Responsibility amounts should be sent within 30 days following receipt of any payment from a patient's commercial insurance company, a government program, or employer. Payment options include cash, bank drafts, credit cards, extended payment plans, and other financing options. Unpaid accounts without payment arrangements will be turned over to a collection agency. If payment in full is not received within the normal billing statement period, the billing office may recommend that the account be turned over to a collection agency.

PATIENTS NEEDING FINANCIAL ASSISTANCE

A patient must apply for Financial Assistance during the application period as defined in Carilion's FAP. Financial Assistance is available through Carilion for any patient whose charges for emergency or medically necessary care may exceed the patient's ability to pay as determined under the Carilion FAP. The Billing Customer Service office will ask patients who indicate inability to pay to complete a Financial Assistance Application (FAA) for the services being billed. The patient will be given a FAA to complete (either on paper or via electronic format (e.g. website) based on the patient's preference). If qualified and approved for Financial Assistance, Carilion will make related adjustments to the patient's account. Patients will be provided a plain language summary of the FAP upon request.

APPLICATION OF PAYMENTS

Unless a patient or responsible party rendering payment identifies a specific account or subsequently is determined to be eligible for financial assistance, Carilion will apply all payments rendered to satisfy the balance(s) due on all accounts for the patient or responsible party with a balance. Carilion will apply any payments which are (a) less than the full amount due; and (b) not designated to a specific date of service or provider, first to the date of the oldest service listed on the billing statement; if both hospital and physician services have the same date of service, payments will first be applied to the oldest account (lowest account number) on the bill and then to the next lowest account until all funds are applied. Any remaining overpayment amount will then be refunded to the patient.

Carilion considers accounts included under its presumptive eligibility process for financial assistance to be closed, and any patient payments for these services will not be refunded. Any patient payments for covered services not considered Financial Assistance that are collected in advance of the Determination of Eligibility will not be refunded. (See FAP.)

RETURNED CHECKS

A \$25.00 service charge may be added to the account for returned check processing and the amount of the check will be charged back to the account. The returned check is sent to the patient with a letter informing the patient of the \$25.00 fee.

BANKRUPTCY

When Carilion receives notification of a Chapter 7 bankruptcy filing or discharge, the account is written off to bankruptcy. All billing activity and communication with the patient will stop with respect to activity prior to the bankruptcy date. When the billing office receives notification of a Chapter 7, Chapter 7 with assets or Chapter 13 bankruptcy, all communication with the patient will stop and the instructions of the court will be followed with respect to activity prior to the bankruptcy date.

COLLECTION AGENCY / LEGAL COLLECTION ACTIVITY

When accounts receivable efforts are exhausted, any account with a remaining balance owing may be placed with a collection agency and ECAs may be considered. Accounts will not be placed with a collection agency prior to 120 days from the date the first post-discharge billing statement is provided except when mailings are returned with no forwarding address and combining multiple accounts of varying age with those already transferred or for legal verification regarding other liabilities. Reasonable efforts will be made to identify appropriate forwarding addresses.

When a FAA is received during the application period (as defined in Carilion's FAP), but after initiation of ECAs, all ECAs will be suspended. Best efforts will be made to process completed applications within 30 days of receipt of the application; financial assistance eligibility will be determined and communicated to the individual. Incomplete applications must be completed within 30 days of the initial notification of additional items required; otherwise, the application will be deemed incomplete and closed. If an individual is eligible for financial assistance, any ECAs will be reversed, and any payments related to eligible care refunded to the extent no longer owed. ECAs will be reinstated if the individual is not eligible for financial assistance or does not complete the FAA by the deadline.

At least 30 days before initiating an ECA, and after sending at least 3 statements, Carilion will send the patient written notice of intended ECA(s), a plain language summary explaining financial assistance available and the process for determining eligibility, and the deadline for applying for assistance. Carilion will also attempt to call individuals at least 30 days before initiating an ECA to make them aware of the financial assistance available and how to obtain assistance with the application process.

Carilion shall enter into a written contract with any collection agency to which it refers bad debt. The contract will obligate the collection agency to observe and comply with Carilion's obligations under this Policy, the FAP and the Internal Revenue Code Section 501(r). A collection agency to which bad debt is referred for collection may not engage in any ECAs without the prior written consent of Carilion.

After making reasonable efforts to determine if a patient qualifies for Financial Assistance and upon determination that the patient is able but unwilling to pay, if no positive patient response is received within 120 days from the date the first billing statement is provided, Carilion may engage in one or more of the following ECAs: 1. Place a lien on an individual's property; 2. Attach or seize an individual's bank account or any other personal property; 3. Commence a civil action against an individual; 4. Garnish an individual's wages; or 5. Report the account to credit agencies.

At any time during the collection process, DRD may investigate any accounts that require special handling. For example, when the billing office becomes aware that a patient is deceased, auto accident, attorney involvement, or any other unique circumstances requiring special handling, the accounts may be placed with the DRD prior to exhausting other collection efforts.

When all collection efforts have been exhausted, all hospital accounts will be returned and closed as uncollectible. No further collection activity is taken at that time. Accounts with satisfactory payment arrangements, legal activity or accounts with pending payment will be considered active and are not returned.

V. OTHER ISSUES / CONCERNS:

Approvals

Name	Title	Dept./Committee	Date
Don Halliwill	CFO	Finance	
Carilion Rockbridge Community Hospital Board of Directors			
Carilion Medical Center Board of Directors			
Carilion New River Valley Medical Center Board of Directors			
Carilion Giles Memorial Hospital Board of Directors			
Carilion Tazewell Community Hospital Board of Directors			
Carilion Franklin Memorial Hospital Board of Directors			