Department: Patient Account Customer Service

Policy Heading: Financial Assistance

Policy Number: PFS.5000.1

Purpose: The procedure outlines a well-defined, industry standard protocol for pursuit of payment of patient responsibility balances. The procedure outlines a consistent process and audit trail of activities related to the collection of patient accounts and the referral of accounts to an outside collection agency.

Valley Medical Center will make reasonable efforts to collect balances that are the patient’s (or responsible party’s) personal financial responsibility. Accounts that remain unpaid after all possible hospital collection efforts are exhausted will be referred to external professional collection agencies for further pursuit of payment for care received.

Procedure:

General Self Pay Statement Schedule

<table>
<thead>
<tr>
<th>Statement Type</th>
<th>Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>First statement</td>
<td>Day 1</td>
</tr>
<tr>
<td>Second statement</td>
<td>Day 31</td>
</tr>
<tr>
<td>Third statement</td>
<td>Day 61</td>
</tr>
<tr>
<td>Final notice</td>
<td>Day 91</td>
</tr>
<tr>
<td>Bad debt pre-list review</td>
<td>Day 115</td>
</tr>
<tr>
<td>Bad debt offload</td>
<td>Day 120</td>
</tr>
</tbody>
</table>

General Business Principles:

1. We recognize the significant financial burden medical expenses create for patients with limited or no healthcare coverage. We will offer uninsured patients a similar discount to the discount taken by our contracted insurance carriers.
2. Uninsured patients will be offered prompt pay discount options for their remaining balance. Insured patients who do not have 100% insurance coverage will be offered prompt pay discount options for the remaining balance after insurance payment. (Please refer to Uninsured & Prompt Pay Discount policy.)

3. Patients or responsible parties who express a hardship that results in them being unable to pay the entire balance at one time will be offered an extended payment arrangement for up to 12 months, interest free. The minimal payment due shall be $50 on all hospital accounts and $25 on all physician accounts, not to exceed 12 months in duration. If the patient or responsible party cannot meet the 12 month requirement to complete payment in full, bank financing will be offered.

4. Valley Medical Center offers long term payment plan options through a banking partner. (Like any bank loan or credit card, the loan will carry interest and if payments are not made on time, late fees will apply).

5. If the patient indicates a problem paying the bill at all due to limited income, the patient or responsible party will be provided a Financial Assistance application, which must be completed and returned with appropriate supporting financial documentation for consideration of account balance adjustment to Financial Assistance. (Please refer to Financial Assistance Policy)

6. Valley Medical Center offers a Valley Tax Dividend adjustment to qualified King County Public Hospital District #1 homeowners for property taxes paid. The Valley Dividend credit may be applied to out-of-pocket expenses owed to Valley Medical Center after all third party and insurance payments have been made.

   The amount of the adjustment will be determined based on the levied taxes paid for Hospital District Number #1 per the official King County Tax Records. The lifetime maximum amount of Valley Tax Dividend Adjustment for any Hospital District #1 residence is $3,000.

7. Patients or responsible parties who make a payment via check / credit / debit card that is returned for insufficient funds will have an additional NSF fee applied to the account. Currently Valley Medical Center charges a $35.00 Returned Check Fee for any checks or credit / debit card transactions returned for non-sufficient funding.

8. If Valley Medical Center receives return mail for the patient during the billing process, accounts will be researched utilizing appropriate resources to determine if an accurate address can be located. If new, correct information is found, the account will be updated and the collection cycle will continue. If a current address cannot be obtained, the account will be referred to a collection agency for further skip tracing.

9. Valley Medical Center self-pay collection efforts are governed in accordance with WA State practices and Medicare / Medicaid regulations.
10. Medical Liens:

When a patient is a victim of an accident or other wrongful act, their health insurance company will generally not pay for medical services once it is determined that another party will ultimately be liable. In addition, a patient may not have insurance but may be seeking settlement from the responsible party. In these situations UW/Valley Medical Center may file a lien against the future settlement. A lien is a form of security interest over real or personal property to secure the payment of a debt.

11. Account Placed in Collections May Include:

- First notice informing the guarantors they have 30 days to respond before credit reporting. Credit reporting occurs 150 days after the first post discharge billing.
- Lawsuits for past due balance may not be filed prior to 240 days after the first post discharge billing.
- Telephone calls.
- Legal judgments with subsequent wage garnishment.
- Medical liens.
- Valley Medical Center must authorize any legal action taken on any account.
- Valley Medical Center will not authorize suit if there is not meaningful employment.
- Accounts will be placed with an agency for one year, and then a secondary placement will occur with the other agency unless payment arrangements have been made or legal judgment has been obtained.
- Secondary placements are returned after an additional year if they have had no activity within the preceding 90 days.
- Accounts returned after secondary placements are considered uncollectable and adjusted as Agency Uncollectible.
- Unpaid balances will remain on the guarantor’s credit history for seven years, or for ten years if a legal judgment was obtained.

**Patients without Healthcare Insurance Coverage**

1. Valley Medical Center patients who do not have healthcare insurance coverage will be sent a summary statement of the charges for the care received approximately 5 days after discharge. Information to discuss financial options is provided on the statement along with contact information for the Customer Service department.

**Note:** Valley Medical Center offers Medicaid application assistance to patients who do not have healthcare coverage and are admitted to the hospital. Patients will be screened for Medicaid eligibility and will receive assistance with the application process if appropriate.

2. Patients are eligible to receive a 30% discount from charges as a *prompt pay discount* if the balance is paid in full within 30 days from the date of the first statement.
3. Valley will notify the patient or responsible party of the remaining balance owed by sending 4 statement notifications. If the account balance is >$50.00, telephone calls to the responsible party will begin approximately 45 days from the first statement.

4. If payment in full or payment arrangements have not been established, a final pre-collection notification will be sent to the responsible party stating that unless the balance is paid in full or payment arrangements are made within 10 business days from the statement date, we may have no other alternative but to refer the account for further collection efforts.

5. If payment in full has not been received, other arrangements made, the account has met the 120 day account lifecycle, and all qualifying criteria have been met, the account will be assigned to a professional collection agency.

Patients with Healthcare Insurance Coverage

1. Valley Medical Center will bill all insurance carriers identified. Valley Medical Center will await payment from the primary payer, and secondary payer when an insurance contract between Valley Medical Center and the payer exists before asking the patient to pay any outstanding balance on the account. Patient will be sent a summary statement of charges for care received and any payment(s) or adjustment(s) posted to the account.

2. Patients are eligible to receive a 5% discount as a prompt pay discount if the balance is paid in full within 30 days from the date of the first statement.

3. Valley Medical Center will generate a statement for patient balances after receiving response from the insurance companies(s). After all expected insurance payment is received, Valley will notify the patient or responsible party of the remaining balance owed by sending 4 statement notifications. If the account balance is >$50.00, a telephone call to the responsible party will begin approximately 45 days from the first statement.

4. If payment in full or payment arrangements have not been established, a final pre-collection notification will be sent to the patient or responsible party stating that unless the balance is paid in full or payment arrangements are made within 10 business days from the statement date, we may have no other alternative but to refer the account for further collection efforts.

5. If payment in full has not been received or other arrangements made, the account has completed the 120 day account lifecycle, and all other qualifying criteria have been met, the account will be assigned to a professional collection agency with which the hospital contracts.