

| | |
|---|--------------------------------|
| Title: Billing and Collections Policy | Policy Number: RC-04 |
|---|--------------------------------|

PURPOSE: To describe HealthPartners’ hospitals and clinics approach to obtaining payment for care provided to patients. In the event of nonpayment, HealthPartners is committed to making reasonable efforts to determine whether a patient is eligible for financial assistance before initiating collection actions. HealthPartners’ Patient Financial Services Department has the authority and responsibility for determining whether HealthPartners has made reasonable efforts to determine whether an individual is eligible for financial assistance and whether HealthPartners is authorized to engage in specific collection actions described in this Billing & Collections Policy.

DEFINITIONS: Not Applicable

POLICY: HealthPartners may engage in collection activities for purposes of obtaining payment for care. Certain collection activities are more significant than others and require specific written notice to patients, as described in this Policy. However, HealthPartners is not required to provide written notice to patients when engaging in other, less significant collection activities.

HealthPartners **is not** required to provide notice to patients before engaging in the following collection activities:

- Sending patient billing statements that include due and past due dates;
- Attempting to negotiate a settlement of the amount owed;
- Referring a patient account to a third-party debt collection agency or law firm; or
- Sending letters or making phone calls, either from HealthPartners, HealthPartners’ collection agency, or other agent of HealthPartners.

If a HealthPartners hospital engages extraordinary collection actions as defined under federal law, the hospital **is** required to provide notice to patients beforehand. HealthPartners’ hospitals do not engage in the following forms of extraordinary collection actions:

- Selling a patient’s debt to a collection agency or law firm; and
- Reporting adverse information about the patient to consumer credit reporting agencies or credit bureaus.

More information about extraordinary collection actions can be found by visiting the IRS hospital billing and collections [website](#).¹ HealthPartners' hospitals have zero tolerance for abusive, harassing, oppressive, false, deceptive, or misleading language or conduct by its debt collection attorney and agencies, their agents or employees, and hospital employees responsible for collecting medical debt from patients.

PROCEDURE:

Billing Procedures:

- HealthPartners has policies and procedures in place to ensure the timely and accurate submission of claims to third-party payers. HealthPartners will not bill patients for amounts exceeding what the patient would have been responsible for had the third-party payer paid the claim or any amount denied due to HealthPartners' billing error. HealthPartners will not refer any bill to a third-party debt collection agency or attorney for collection while a claim for payment is pending with a third-party payer, with which HealthPartners has a contract.
- Uninsured patients may receive a discount consistent with the requirements of state law.
- Except for patients receiving Medical Assistance or who have complete insurance coverage, HealthPartners will send patients statements for balances due for services received by HealthPartners. Statements sent by HealthPartners will include phone numbers and contact information for patients to call for financial or other assistance.
- Patients may question or dispute bills received from HealthPartners. HealthPartners will return calls and answer inquiries regarding billing questions from patients in a timely manner. If the patient notifies HealthPartners, HealthPartners' debt collection agency, or HealthPartners' debt collection attorney that the patient does not owe a bill, all collection activity will be suspended until documentation is provided that the patient owes the debt or that a third-party payer has paid all obligated amounts.

Collection Procedures:

- To the extent permitted by state law, HealthPartners may use automated collection procedures, in-house collection services, telephone, collection letters, attorney services, and outside collection agencies to collect on accounts due.
- Accounts requiring more intense collection efforts may be referred by HealthPartners to outside collection agencies or attorneys.
- HealthPartners will not refer any medical debt to a third-party debt collection agency or attorney if the patient has made payments on the debt in accordance with the terms of a payment plan agreed to by HealthPartners.

¹<https://www.irs.gov/charities-non-profits/billing-and-collections-section-501r6#:~:text=Extraordinary%20Collection%20Actions,-ECAs%20are%20defined&text=Foreclosing%20on%20an%20individual's%20real,Causing%20an%20individual's%20arrest>

- Neither HealthPartners nor its debt collection agencies will report any patient to a credit reporting agency because of the patient's failure to pay a medical bill.
- HealthPartners may determine a patient's medical debt is satisfied or uncollectible when: (1) a patient pays their debt in full, whether in a lump sum or according to the terms of a payment plan; (2) the patient qualifies for financial assistance, HealthPartners determines that the patient is eligible for financial assistance under its Financial Assistance Policy, or the patient is eligible for other discounts; or (3) HealthPartners determines that after following the steps in this Policy and making reasonable collection efforts that HealthPartners will no longer pursue payment.

EFFORTS TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE

Applications and Notifications:

HealthPartners will accept and process applications for financial assistance beginning on the date the care was provided to the patient and ending **240 days** after (1) the first post-discharge billing statement for hospital and hospital outpatient department services or (2) the first billing statement to include the date care was received for all other services. HealthPartners will take steps to notify patients about HealthPartners' Financial Assistance Policy and HealthPartners hospitals will not engage in Extraordinary Collection Actions for at least **120 days** from the date of the patient's first post-discharge billing statement. If the patient's account involves multiple episodes of care, HealthPartners will not engage in collection actions for at least **120 days** from the first post-discharge billing statement for the most recent episode of care.

At least **30 days** before a HealthPartners hospital begins Extraordinary Collection Actions for nonpayment, the hospital will do the following:

- Provide a written notice informing the patient that:
 - Financial assistance is available for eligible individuals;
 - The hospital may take identified Extraordinary Collection Actions to obtain payment; and
 - The hospital may begin Extraordinary Collection Actions 30 days after the date of the letter notice.
- Enclose a plain language summary of the hospital's Financial Assistance Policy with the notice letter; and
- Attempt to contact the patient by phone (or in person if possible) to verbally notify the patient of the hospital's Financial Assistance Policy and how the patient may obtain assistance with the application process.

Where deferral or denial of care are allowed by state law, if HealthPartners decides to defer or deny care due to nonpayment for prior care, HealthPartners will do the following:

- Provide the patient with a written notice that includes:
 - A Financial Assistance Policy application form; and
 - A statement that financial assistance is available for eligible individuals and a deadline after which HealthPartners will no longer accept financial assistance applications for the patient's prior care.

- Process any application for financial assistance received by the patient before the deadline on an expedited basis.

Incomplete Applications:

If during HealthPartners' application period HealthPartners receives an application for financial assistance that is incomplete or deficient, HealthPartners will do the following:

- Suspend any current collection actions;
- Provide the patient with a written notice describing the additional information or documentation that must be submitted before the application can be processed and how to contact HealthPartners to do so; and
- If a patient completes a previously incomplete application for financial assistance within HealthPartners' application period, HealthPartners will promptly make a determination as set forth in the Complete Applications section below.

Complete Applications:

If HealthPartners receives a complete application for financial assistance during HealthPartners' application period, HealthPartners will do the following in a timely manner:

- Suspend any current collection actions; and
- Make a determination of financial assistance eligibility and identify the basis for the determination.

If HealthPartners determines that a patient is eligible for financial assistance, it will do the following:

- If the patient is eligible for discounted (but not free) care, HealthPartners will provide the patient with a billing statement that indicates how the amount was determined and information regarding HealthPartners' financial assistance calculations;
- For HealthPartners' hospital charges, refund any amount the patient has paid for hospital care that exceeds the amount for which the patient is determined to be personally responsible; and
- Take all reasonably available measures to reverse any collection actions that may have been initiated against the patient.

Presumptive Eligibility Determinations:

HealthPartners may make presumptive eligibility determinations for financial assistance. This means that HealthPartners may determine that a patient is eligible for financial assistance based on information HealthPartners already has, or other information HealthPartners obtains, without obtaining additional information directly from the patient. If HealthPartners presumptively determines that a patient is eligible for financial assistance, but eligible for less than the most generous assistance, HealthPartners will do the following:

- Notify the patient of the determination and inform the patient about how to apply for more generous financial assistance;
- Give the patient a reasonable amount of time to apply for more generous assistance; and
- Process a completed application for more generous assistance as described above in this Policy.

HealthPartners will not make financial assistance presumptive eligibility determinations for elective services (purely cosmetic or other non-medically necessary services) as well as any balances that should be paid by insurance (including workers' compensation, automobile, or other liability insurance).

THIRD PARTY DEBT COLLECTION AGENCIES:

HealthPartners' collection process may result in referring the patient's account to a third-party debt collection agency. Before referring any patient account to a debt collection agency, HealthPartners will confirm² that

- If the patient's account includes hospital services, and the hospital is a Minnesota hospital, the hospital complied with the requirements in Minnesota Statutes section 144.587, unless the patient declined to participate;
- There is a reasonable basis to believe that the patient owes the debt;
- All known third-party payers have been properly billed by HealthPartners, such that any remaining debt is the financial responsibility of the patient, and HealthPartners will not bill the patient for any amount that an insurance company is obligated to pay;
- The patient has been given a reasonable opportunity to apply for financial assistance, if the facts and circumstances suggest that the patient may be eligible for financial assistance; and
- Where the patient has indicated an inability to pay the full amount of the debt in one payment and provided reasonable verification of the inability to pay the full amount of the debt in one payment if requested by HealthPartners, HealthPartners has offered the patient a reasonable payment plan.

If the patient submits an application for financial assistance after HealthPartners has referred the patient's account to a debt collection agency, HealthPartners and the debt collection agency will follow the process described in the above section "Efforts to Determine Eligibility for Financial Assistance."

HealthPartners will do the following to monitor relationships with all third-party debt collection agencies:

- Maintain a written contract with any debt collection agency utilized to collect debt from patients. The contract will require the debt collection agency to act in accordance with the terms of the agreement, applicable laws, and this Policy.
- Will not pay any debt collection agency any performance bonus, contingency bonus, or other similar payment which is calculated on the basis of the amount or percentage of debt collected from two or more patients. This does not prohibit HealthPartners from paying a debt collection agency a percentage of the debt collected from the patient, provided that HealthPartners has established adequate contractual controls to ensure that the collection agency acts in a manner consistent with applicable agreements and HealthPartners' mission.
- Train the debt collection agencies regarding HealthPartners' Financial Assistance Policy and how patients may obtain more information or submit a financial assistance application with HealthPartners.
- Require the debt collection agency and any attorneys utilized by it to maintain a log of all oral and written complaints received by any patient concerning the conduct of the agency. The log must be

² In Minnesota, a designated employee within the HealthPartners system with knowledge of the hospital's patient financial screening policies will complete affidavit of expert review before referring a patient's account including hospital services to a debt collection agency.

provided to HealthPartners at least six (6) times per year. Failure of the agency to log and provide all patient complaints may result in termination of HealthPartners contract with the agency.

- Require the debt collection agency and any attorneys it utilizes to keep a record of the date, time, and purpose of all communications to or from HealthPartners' patients.
- Evaluate annually the debt collection agencies' performance, based on total level of service, net recovery rates, customer feedback and compliance with expectations in this Policy.
- Have patient accounts reviewed by the appropriate authorized individual before referral to a debt collection agency.

DEBT COLLECTION LITIGATION

HealthPartners will not give a collection agency or attorney any blanket authorization to take legal action against a patient for the collection of medical debt. No lawsuit will be filed against any patient to collect medical debt until reviewed by an authorized Patient Financial Services manager who verifies that³:

- If patient's account includes hospital services, and the hospital is a Minnesota hospital, the hospital complied with the requirements in Minnesota Statutes section 144.587, unless the patient declined to participate;
- There is a reasonable basis to believe that the patient owes the debt;
- All known third-party payers have been properly billed, and the remaining debt is the financial responsibility of the patient, and HealthPartners will not bill the patient for any amount that an insurance company is obligated to pay;
- If the patient has indicated an inability to pay the full amount of the debt in one payment and provided reasonable verification of the inability to pay the full amount of the debt in one payment if requested by HealthPartners, HealthPartners offered the patient a reasonable payment plan; and
- The patient has been given an opportunity to submit a Financial Assistance Program application if the facts and circumstances suggest that the patient may be eligible for financial assistance.

When engaging debt collection attorneys and/or law firms, HealthPartners will maintain a written agreement that requires that the attorney and/or law firm act in conformance with the terms of the agreement, applicable law, this Policy, and if the HealthPartners hospital is located in Minnesota, the Minnesota Attorney General Hospital Billing Agreement. The following requirements shall apply to the contractual relationship to ensure patient accounts remain proper to pursue in litigation and that HealthPartners retains control over the litigation:

³ In Minnesota, a designated Patient Financial Services manager within the HealthPartners system with knowledge of the hospital's patient financial screening policies will complete affidavit of expert review and ensure that it is served with the summons and complaint if the patient's medical debt includes hospital services.

- HealthPartners' General Counsel's Office shall oversee the collection of debt on behalf of its hospitals. The General Counsel's Office shall also be consulted by the attorney and/or law firm in cases where default judgment may be appropriate.⁴
- HealthPartners will train the attorney and/or law firm regarding HealthPartners' Financial Assistance Policy and how patients may obtain more information or submit a financial assistance application with HealthPartners.
- HealthPartners will annually audit for compliance with applicable agreements and this Policy.
- HealthPartners will annually evaluate performance, based on total level of service, net recovery rates, customer feedback, and compliance with expectations in this Policy. The HealthPartners hospital's CEO will review and determine annually whether to issue or renew any contract.
- HealthPartners will not pay any performance bonus, contingency bonus, or other similar payment which is calculated based on the amount or percentage of debt collected from two or more patients. HealthPartners may pay a percentage of the debt collected from the patient, provided that HealthPartners has established adequate contractual controls to ensure that the attorney and/or law firm acts in a manner consistent with applicable agreements and HealthPartners' mission.
- The attorney and/or law firm will not directly contact a patient known to be represented by an attorney regarding the collection of that debt unless the patient's attorney has granted permission.
- All debt collection attorneys and/or law firms must follow the processes required by state law and contracts with HealthPartners when pursuing litigation to collect medical debt from HealthPartners patients.

GARNISHMENTS

HealthPartners and its debt collection agencies and attorneys will not garnish the wages or bank account(s) of any patient unless a judgment against the patient is obtained in court for the amount of the debt.

HealthPartners will not give debt collection agencies and attorneys and/or law firms blanket authorization to pursue garnishments of a patient's bank account(s) or wages.

Before initiating a proceeding for garnishment of a patient's wages or bank account, an authorized Patient Financial Services manager must authorize the garnishment for that particular patient before proceeding.⁵

The authorized individual must verify that:

⁴ Minnesota hospitals will complete an additional affidavit of expert review attesting to the requirements of Minnesota Statutes section 144.587, subd. 1(a)(7). Before requesting a default judgment against a patient, the Minnesota hospital execute an affidavit to verify that (1) the patient has not called or written the hospital, its debt collection agency, or its debt collection attorney in response to the complaint; (2) the hospital is unaware of patient having a sickness, disability, illness, infirmity, or age-related reason that would render the patient unable to answer the complaint; or (3) the patient received service of the complaint.

⁵ In Minnesota, a designated Patient Financial Services manager within the HealthPartners system with knowledge of the hospital's patient financial screening policies will complete affidavit of expert review and ensure that it is served with the garnishment action.

- If patient's account includes hospital services, and the hospital is a Minnesota hospital, the hospital complied with the requirements in Minnesota Statutes section 144.587, unless the patient declined to participate;
- There is a reasonable basis to believe that the patient owes the debt;
- All known third-party payers have been properly billed, and the remaining debt is the financial responsibility of the patient, and HealthPartners will not bill the patient for any amount that an insurance company is obligated to pay;
- The patient has been given an opportunity to submit a Financial Assistance Program application if the facts and circumstances suggest that the patient may be eligible for financial assistance.
- If the patient has indicated an inability to pay the full amount of the debt in one payment and provided reasonable verification of the inability to pay the full amount of the debt in one payment if requested by HealthPartners, HealthPartners offered the patient a reasonable payment plan; and
- There is no reasonable basis to believe that the patient's or guarantor's wages or funds at a financial institution are likely to be exempt from garnishment.

If a patient submits a written claim that the patient's account or wages are exempt from garnishment, HealthPartners' debt collection attorney and/or law firm shall not object to the claim of exemption without first obtaining the specific approval of HealthPartners' General Counsel's Office. In deciding whether to grant such approval in the specific case, the General Counsel's Office will review all information submitted by the patient in support of the patient's claim for exemption.

RELATED DOCUMENTS: Not Applicable

REFERENCE MATERIALS:

[IRS Hospital billing and collections website](#)

Minnesota Statutes sections 144.587-144.589

ADDITIONAL INFORMATION: Not Applicable

COMMITTEE/POLICY SPONSOR AND OWNER:

VP of Revenue Cycle

Law Department Leadership

Amery Hospital and Clinic Board

Hudson Hospital Board

HealthPartners/GHI Board

Hutchinson Health Board

Lakeview Health/Stillwater Medical Group Board

Olivia Hospital and Clinic Board

Park Nicollet Methodist Hospital

Regions Hospital Board

Westfields Hospital Board