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| Policy Name:                   | Billing and Collection Policy  |                |  |
| Responsible Department:        | CFO  | Area: Finance  |  |
| Effective Date:                | 4/4/2024   | Last Revision: |  |
| Approval Authority:            | Governing Board of Directors of SARH   |                |  |
| This Policy Should be Read by: | Employees and Public   |                |  |
| Resources & Related Forms:     | 1. Financial Assistance Policy<br>2. Plain Language Summary<br>3. Financial Assistance Application |                |  |

**Purpose:** It is the goal of SARH to provide clear and consistent guidelines for conducting billing and collection functions in a manner that promotes compliance, patient satisfaction, and efficiency. Through the use of billing statements, written correspondence, and phone calls, SARH 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 SARH to make reasonable efforts to determine a patient’s eligibility for financial assistance under SARH’s financial assistance policy before engaging in extraordinary collection actions to obtain payment.

After our patients have received services, it is the policy of South Arkansas Regional Hospital (SARH) to bill patients and applicable payers accurately and in a timely manner. During this billing and collections process, staff will provide quality customer service and timely follow up on all outstanding accounts will be handled in accordance with the IRS and Treasury 501(r) rule under the Affordable Care Act.

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**I. Definitions:**

A. Plain Language Summary

1. means a written statement that notifies an Individual(s) that SARH offers financial assistance under the FAP for inpatient and outpatient hospital services and contains the information required to be included in such statement under the FAP.

B. Application Period

1. means the period during which SARH must accept and process an application for financial assistance under the FAP. The Application Period

begins on the date the care is provided and ends on the 240th day after the SARH provides the first post discharge billing statement.

C. Billing Deadline

1. means the date after which SARH or collection agency may initiate an ECA against a Responsible Individual(s) who has failed to submit an application for financial assistance under the FAP. The Billing Deadline must be specified in a written notice to the Responsible Individual(s) provided at least 30 days prior to such deadline, but no earlier than 120 days after the first post discharge statement.

D. Extraordinary Collection Action (ECA)

1. means any action against an Individual(s) responsible for a bill related to obtaining payment of a Self-Pay Account that requires a legal or judicial process or reporting adverse information about the Responsible Individual(s) to consumer credit reporting agencies/credit bureaus. ECAs do not include transferring of a Self-Pay Account to another party for purposes of collection without the use of any ECAs.

E. FAP-Eligible Individual(s)

1. means a Responsible Individual(s) eligible for financial assistance under the FAP without regard to whether the Individual(s) has applied for assistance.

F. Financial Assistance Policy (FAP)

1. means SARH's Financial Assistance Program for Uninsured Patients Policy, which includes eligibility criteria, the basis for calculating charges, the method for applying the policy, and the measures to publicize the policy, and sets forth the financial assistance program.

G. PFS

1. means Patient Financial Services, the operating unit of SARH responsible for billing and collecting Self-Pay Accounts.

H. Responsible Individual(s)

1. means the patient and any other Individual(s) having financial responsibility for a Self-Pay Account. There may be more than one Responsible Individual(s).

I. Self-Pay Account

1. means that portion of a patient account that is the Individual(s) responsibility of the patient or other Responsible Individual(s), net of the application of payments made by any available healthcare insurance or other third-party payer (including co-payments, co-insurance and deductibles), and net of any reduction or write off made with respect to such patient account after application of an Assistance Program, as applicable.

## II. Guidelines:

### A. Billing Practices

#### 1. Insurance Billing

- a) For all insured patients, SARH will bill applicable third party payers (as provided by patient or family) in a timely manner.
- b) If a claim is denied (or is not processed) by a payer due to an error on our behalf, SARH will not bill the patient (i.e. not obtaining a pre-authorization from the insurer).
- c) If a claim is denied (or is not processed) by a payer due to factors outside of our organization's control, staff will follow up with the payer and the patient as appropriate to facilitate resolution of the claim. If resolution does not occur after follow up efforts, SARH may bill the patient or take other actions consistent with current regulations and standards.

#### 2. Patient Billing

- a) All uninsured patients will be billed directly and timely. They will receive a statement as part of the organizations normal billing process. The statement will be for total billed charges less a self-pay discount specific to the site of service.
  - (1) Uninsured patients who are not eligible for Medicaid or other federal, state or local assistance programs, or SARH's financial assistance program, will be afforded an uninsured discount
  - (2) If the patient qualifies for an uninsured discount, total charges are adjusted to the Amounts Generally Billed (AGB), which is calculated in accordance with § 501(r).
  - (3) Application of this discount ensures that charges for emergency and/or other medically necessary care for patients who are eligible for the financial assistance policy are limited to and not more than the average billed to individuals with insurance covering such care.
  - (4) This discount is not available to patients with third party coverage.
- b) For insured patients, after claims have been processed by third-party payers, SARH will bill patients in a timely fashion for their respective liability amounts as determined by their insurance benefits
  - (1) Note: SARH may bill the patient while it is pending third party payment when the payer has delayed payment due to reasons caused by the patient (i.e. information needed regarding a "coordination of benefits").

- c) All patients may request an itemized statement for their accounts.
- d) If a patient disputes an account and requests documentation regarding the bill, staff will provide the requested documentation and hold collection efforts for 30 days.
- e) SARH may approve payment plan arrangements for patients who indicate they may have difficulty paying their balance in a single installment. Balances less than \$250.00 may be paid over six (6) months, balances between \$250.00 - \$1,499.99 may be paid over (12) twelve months, balances between \$1,500.00 - \$4,999.99 may be paid over (18) eighteen months and balances greater than \$5,000 maybe paid over (36) thirty-six months. SARH accepts most major credit cards. Payment plans that require more than (120) one hundred-twenty days to finalize (including approved arrangements whose terms are not complied with) may be transferred to a third-party collection agency. SARH shall ensure that reasonable efforts to determine whether an individual is eligible for financial assistance are made before engaging in any extraordinary collection action as outlined below.
- f) Balances of \$9.99 or below will be written off in accordance with this policy.

**B. Collection Practices**

- 1. In compliance with relevant state and federal laws, and in accordance with the provisions outlined in this Billing and Collections policy, SARH may engage in collection activities including extraordinary collection actions- (ECA'S) - to collect outstanding patient balances.
- 2. General Collection activities may include mailing billing statements and making follow up phone calls.
- 3. Patient balances may be referred to a third party for collection at the discretion of SARH. SARH will maintain ownership of any debt referred to debt collection agencies, and patient accounts will be referred for collection with the following situations:
  - a) There is reasonable bias to believe the patient owes the debt.
  - b) All known third party payers have been properly billed and the remaining debt is the financial responsibility of the patient.
- 4. SARH will not refer accounts for collection where the patient has completed the application process for financial assistance or other programs (i.e. Medicaid) and not yet been notified of its determination.

**C. Reasonable Efforts and Extraordinary Collection Actions (ECAs)**

- 1. Before engaging in ECAs to obtain payment for care, SARH must make certain reasonable efforts to determine whether an individual is eligible for financial assistance under our financial assistance policy.

2. ECAs may begin only when **120 days** have passed since the first post discharge statement was provided.
3. However, at least 30 days before initiating ECAs to obtain payment, SARH must do the following:
  - a) Provide the individual with a written notice that indicates the availability of financial assistance, lists potential ECA's that may be taken to obtain payment for care, and gives a deadline after which ECA's may be initiated; and
  - b) Attempt to notify the individual orally about the FAP and how he or she may get assistance with the application process.
4. After making reasonable efforts to determine financial assistance eligibility as outlined above, SARH (or its business office partners) may take any of the following ECA's to obtain payment for care: Report non-payment to credit agencies, file judicial or legal action, garnishments. SARH CFO maintains the final authority or responsibility for determining that the SARH has made reasonable efforts to determine whether an individual is FAP-eligible and may therefore engage in ECA's.
5. Elective services may be delayed or deferred based on consultation with SARH clinical staff or patient's care provider. SARH may decline to provide a patient with elective services in those cases where SARH is unable to identify a payment source, determine eligibility for a public financial assistance program or obtain a required provider referral, pre-certification or authorization.