

Title: Billing and Collections Policy

Policy #: EHADM7009

Approval Body: Essentia Health Board of Directors

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Review Cycle: Every year

Scope: This policy applies to Essentia Health and its Affiliates.

Purpose:

- I. **Scope:** This policy applies to all hospital and clinic facilities within the Essentia Health System, including both facility and professional services (see Attachment D for Legal Entity Names covered by this policy).
- II. This policy, along with the related Financial Assistance Program, Collection Agency Practices, and Debt Litigation Practices policies, establishes reasonable procedures regarding collection of self-pay balances. Essentia Health will balance the need for financial stewardship with the needs of individual patients or their guarantors who are unable or unwilling to pay their accounts after services have been rendered.
- III. This policy is intended to:
 - A. Outline the timely and accurate submission of claims to third-party payers.
 - B. Establish collection efforts using reasonable payment options when collecting on self-pay balances and assist with balance resolution, ensuring the protection of the system's cash flow while providing quality customer service.
 - C. Demonstrate the guidelines under which a patient's balance may be transferred to an external collection agency.
 - D. Define the level of authority to approve extended payment plans, transfers to an external collection agency and approval for debt litigation practices.

Definitions:

- I. **Bad Debt:** The cost for rendering care to persons who do not pay the portion of the bill for which they are responsible and expected to pay. Bad debt is a direct reduction of revenue.
- II. **Centralized Collection Department (CCD):** For the purpose of this policy; a single department under centralized leadership responsible for collection of Essentia Health self-pay receivables on the Electronic medical record billing system.
- III. **CareCredit:** Is a healthcare credit card designed to help patients finance the cost of their care and make convenient monthly payments.
- IV. **ClearBalance Program (CBP):** An interest-free payment option for patients for which Essentia Health contracts with a vendor called ClearBalance..
- V. **Collection Agency:** A contracted third-party collection agency that collects unpaid medical debt for Essentia Health.
- VI. **Collection Agency Complaint:** Information received from a patient expressing concerns about collection processes, including, but not limited to, referral to a collection agency or debt litigation attorney/law firm or dispute of an account balance.
- VII. **Data and Contract Management Solutions (DCM):** A contracted third-party business partner that assists Essentia Health in the resolution of self-pay accounts that have been identified as having a guarantor and/or patient who are either deceased and/or have filed an official claim for bankruptcy.

- VIII. **Defaulted CBP Payment Plan:** An account that was submitted to the CBP for which the guarantor fell behind on the payment plan with ClearBalance and was unable to bring the account current within 90 days. In this situation, the account is considered defaulted, and is closed from ClearBalance and returned to Essentia Health.
- IX. **Dunning Message:** A notification sent on a patient statement alerting the patient that the balance is overdue. Dunning messages will follow a progression from polite reminders to notification of possible ECAs if no resolution/response is received.
- X. **Extended Payment Plan:** A payment plan term that is between 6-72 months with a minimum payment of \$40.00 required. This payment option is offered through the ClearBalance Program or through an interest-bearing loan through Park State Bank.
- XI. **Extraordinary Collection Activity (ECA):** Any action taken against an individual(s) responsible for a bill relating to obtaining payment of a self-pay balance that requires a legal or judicial process. Examples of ECAs are; a lien on property, reporting adverse information to credit bureaus, foreclosing on real property, filing civil suits, attaching or seizing a bank account or any other personal property, commencing a civil action, causing an individual's arrest, subjecting an individual to a writ of body attachment, or garnishing wages. Examples of non-ECAs are filing a claim in a bankruptcy proceeding or a hospital lien filed by hospitals with respect to the proceeds of a personal injury judgment or settlement.
- XII. **Financial Assistance Program (FAP):** A program for rendering free or discounted care to persons who would incur financial hardship in order to fully pay for their medical care. Patients will qualify by meeting income and asset guidelines.
- XIII. **Gross Charges:** The established price for medical care that is consistently and uniformly charged to all patients before applying any contractual allowances, discounts, or deductions.
- XIV. **Guarantor:** An individual who is responsible for payment of the medical bill. The guarantor may or may not be the same as the patient.
- XV. **In-house Payment Plan:** A payment plan term that is between 1-6 months with a minimum payment of \$40.00 required.
- XVI. **Minnesota Attorney General Agreement (AG Agreement):** An Agreement between the Minnesota Attorney General and Essentia Health, signed by the parties and filed in the District Court of the State of Minnesota on August 12, 2022, regarding Essentia Health's collection of medical debt and patient billing practices.
- XVII.
- XVIII. **Not Accepted CBP Payment Plan:** An account that was submitted to the CBP under a promise to pay agreement with the guarantor. However, after submission of the account to ClearBalance, the guarantor did not make their first promised payment to ClearBalance. In this situation, the account will be closed at ClearBalance and returned to Essentia Health.
- XIX. **Plain Language Summary:** An easy to read summary of our Financial Assistance Programs. This will provide the patient with details on how to apply or get help in completing the Financial Assistance application or to get access to the policy and other financial assistance programs. Our brochure "Helping you pay your medical bills" provides this summary.
- XX. **Presumptive Charity Care:** A process that uses a proprietary scoring algorithm from Experian Health to determine a person's ability to pay their bill. Patients will be scored through this process and be given an FPL (Federal Poverty Level) score. Based on the FPL score, an uninsured person may qualify for a waiver of outstanding financial responsibility for charges on their account after reasonable collection efforts have been made, but prior to the account being transferred to an external collection agency. Some exclusions do apply.
- XXI. **Reasonable Collection Efforts:** The schedule of events that occurs when collecting on a self-pay balance prior to an account being transferred to an external collection agency. Communication such as letters, phone calls to patients or their guarantor, and billing statements would be examples of reasonable collection efforts.
- XXII. **Reasonable Payment Plan:** A short-term or extended payment plan that is negotiated between Essentia Health and patients or their guarantors where it is determined that the balance is the patient's responsibility for payment. This could also include the patient/guarantor voluntarily signing up for a low interest-bearing bank note.
- XXIII. **Self-pay Balances:** Amounts that patients or their guarantors are obligated to pay directly to Essentia Health. This includes patient responsibilities such as deductibles, co-pays, coinsurances and non-covered services, once the insurance carrier processes a claim. This also includes amounts that uninsured patients are responsible to pay after appropriate discounts have been applied.
- XXIV. **Underinsured Patient:** An individual, with private or other health insurance coverage, that does not meet complete financial protection. This results in the underinsured individual to therefore lack the ability to cover out of pocket healthcare expenses.

- XXV. **Uninsured Discount:** A discount to an uninsured patient's billed charges for medically necessary inpatient/outpatient's hospital services and hospital-based clinic services.
- XXVI. **Uninsured Patient:** An individual having no third-party coverage by a commercial third-party insurer, an ERISA plan, a Federal Health Care Program such as Medicare, Medicaid, TriCare and CHAMPUS, Worker's Compensation, third-party liability (e.g. auto), Medical Savings Accounts, or other third-party assistance to assist with meeting their payment obligations.

Policy:

- I. It is the policy of Essentia Health to pursue collection of the total outstanding guarantor balance greater than \$10.00.
- II. Collection procedures will be applied consistently and fairly for all self-pay balances.
- III. All collection procedures will be consistent with the mission and values of Essentia Health. In addition, such procedures will comply with applicable state and federal laws and Essentia Health policies and procedures. Collection procedures for hospitals located within Minnesota, will also comply with the AG Agreement.
- IV. For those patients unable to pay all or a portion of their bill, the FAP will be offered. ECA activity will not commence without a reasonable attempt to notify the patient of the Financial Assistance Program and will not occur until a minimum of 120 days after the patient's first notice of a self-pay balance. In addition, uninsured patients who receive a qualifying FPL score with no exclusions through the presumptive charity process, will have their balances waived rather than sent to an outside collection agency if there is no payment or response after the final collection notice is sent on the account.
- V. If a patient or their guarantor has not made a reasonable payment arrangement on balances they are responsible to pay, or they have not returned a completed FAP application, collection activities will occur.
- VI. Essentia Health shall not tolerate harassing, abusive, oppressive, false, deceptive, or misleading language or collections conduct by its contracted debt litigation attorney/law firm and collection agencies, and their agents and employees, or by Essentia Health employees. Any reports or allegations of such behaviors will be reviewed. If any individual or entity is found to have violated these standards, the party will be subject to corrective action procedures, up to and including termination of employment and/or contractual relationship.

Procedure:

I. Insurance Collections

- A. Patients must sign an authorization allowing Essentia Health to bill the patient's insurance company and must cooperate with Essentia Health in a reasonable manner to facilitate proper billing to a patient's insurance company. See SW-EH-17495 : General Consent & Authorization and EHADM3029 : Patient's Right to Request Restriction on the Use and Disclosure of Protected Health Information.
- B. Essentia Health will maintain and comply with billing procedures to ensure the timely and accurate submission of claims to all known third-party insurance payers.
 1. Essentia Health will collect all amounts permitted from third-party payers, utilizing electronic and paper remit payment methods.
 2. Those responsible for submitting claims to third-party payers will employ standard procedures and make reasonable efforts to ensure that third-party payers have paid claims timely and appropriately.
- C. If Essentia Health receives insurance information from the patient or their guarantor within the timely filing limits of that payer but Essentia Health does not submit a claim to the third-party payer within that timely filing limit, the Essentia Health entity will not bill the patient for any amount in excess of that for which the patient would have been responsible had the third-party payer paid the claim.

- D. Essentia Health shall not refer any charges to a collection agency or debt litigation attorney/law firm for collection activity while those charges are pending with a third-party payer with which the Essentia Health entity has a contract.
 - E. Essentia Health may proceed with reasonable collection efforts following an initial denial of the claim by the third-party payer. Such efforts can include internal collections and referral to an external collection agency or debt litigation attorney/law firm.
 - F. Essentia Health shall not refer any bill to a third-party collection agency or debt litigation attorney/law firm for collection activity when a claim is denied by a third-party payer due to Essentia Health's error, and such error results in the patient becoming liable for the debt when they would not otherwise be liable. Essentia Health reserves the right to substantiate that an error has truly been made.
 - G. Essentia Health may file a complaint with the applicable state agencies and offices if a third-party payer denies or delays payment of a claim improperly (e.g. Minnesota Attorney General).
- II. **Establishing Patient Responsibility:** Essentia Health shall make reasonable efforts to assist patients in resolving their bills.
- A. Patients or their guarantors are responsible for understanding their insurance coverage and for providing needed documentation to aid in the insurance collection process.
 - B. Essentia Health will make reasonable attempts to collect from all known third-party payers to assist patients in resolving their bills.
 - C. Essentia Health will work with patients toward resolution of outstanding insurance claim payment issues.
 - D. Essentia Health will validate that the patient owes the bill for services rendered to them for which they have a financial responsibility after the steps outlined above have been taken.
 - E. Essentia Health expects all guarantors to promptly pay any remaining patient responsibility upon notification. See EHADM3017: Waiver of Charges and Patient Liabilities.

In accordance with MN Statutes §519.05, Essentia Health acknowledges that a guarantor is not personally liable for their spouse's medical debt. In an effort to continue to provide family billing for our patients and remain compliant with this law, Essentia Health includes a notice on all guarantor billing statements to inform guarantor of family billing practice, to address guarantor is not personally liability for spousal debt, and to request the guarantor to notify spouse of any debt their spouse may have.

- III. **Uninsured Discount and Reasonable Collection Efforts.** Essentia Health will employ reasonable collection efforts in a fair and consistent manner when collecting patient self-pay balances.
- A. Amounts Generally Billed (Uninsured Discount)
 - 1. The uninsured discount represents a reduction to gross charges for all patients that either have no insurance or for eligible charges not covered by their insurance. This discount is determined by using a rolling 12-month look-back method and using a combination of expected reimbursement from Medicaid, Medicare fee-for-service and all private health insurers based on contracted rates and other actual payments plus settlements to determine the overall percentage of the discount. Each Essentia Health Entity will have the uninsured discount calculated separately. See Policy EHADM7003 : Financial Assistance Program.
 - 2. Uninsured discounts will be applied to gross charges and will be applied when applicable, prior to any FAP or other discounts.
 - B. Collection Cycle

1. All internal collection activity will occur within 180 days from the time the patient or their guarantor is notified of their balance and prior to being forwarded to a collection agency, unless additional time is needed to ensure all efforts to assist guarantors in resolving their balance have been exhausted.
2. The guarantor will receive a minimum of four (4) contacts which may include a combination of letters, phone calls (manual and/or automated), and monthly statements prior to any balance being referred to an external collection agency.
3. The Guarantor will have an opportunity to apply for our Financial Assistance Program and will receive information on how to do so and who to contact to get detailed information prior to any transfer to an external collection agency.
4. If an account has an invalid mailing address, and the patient has not responded to outbound phone attempts, or if there is not a valid phone number to contact the patient, their guarantor account will be placed with an outside collection agency no sooner than 45 days from the date charges initially dropped to self-pay.

C. Reasonable Collection Efforts

1. Statements

- a. The guarantor shall receive a minimum of 4 monthly statements notifying them of their financial responsibility. The statement will include the account status and list any payment activity occurring since the last statement. The statement will also include specific dunning messages based on the age of the account balance. Reasonable efforts will be made to assure that the statement is accurate and easily understood by patients.
- b. Statements will include a conspicuous written notice that will inform the patient about the Financial Assistance Program and will include the telephone number of the hospital or facility, and direct website address where copies of the document can be obtained. Statements will also include a notice to guarantors that they are not personally liable for their spouse's medical debt and a request that they notify their spouse of any medical debt owed by them in the statement.
- c. In the case of a mail return status on a guarantor's account, monthly statements will no longer be generated until an updated address is received.

2. Collection Letters

- a. Guarantors may receive multiple letters throughout the collection cycle informing them of the status of their account and the importance of contacting the billing office to establish payment arrangements or to obtain information about our Financial Assistance Program. Guarantors will receive a final collection notice prior to their account being placed with an external collection agency. All collection notices will include information on who to contact or how to get an application or receive information regarding our Financial Assistance Program.
- b. Guarantors will not receive collection letters if an approved payment plan has been established unless the payment is no longer adequate to their balance or the payment plan has defaulted.
- d. Guarantors will not receive collection letters if they have been identified as deceased; have charges that have been identified as part of a bankruptcy case; returned mail has been received; an administrative hold is placed on the account due to an unresolved patient complaint; a FAP application has been provided or is being processed; or during the time period when the guarantor is seeking external financing to pay their self-pay balance.

3. Payment Plan Letters

- a. For guarantors who have established an approved In-house payment plan and have defaulted, the guarantor will be sent a payment plan letter requesting them to contact our billing office to update their payment plan. This letter will also provide them information about the FAP.
- b. If there is no response within 30 days of receiving the initial payment plan letter, the guarantor will receive a final collection letter within 45 days and be placed with an external collection agency if satisfactory payment is not made or a financial assistance application is not received.
- c. For guarantors who have established an approved extended payment plan through ClearBalance and have defaulted or not accepted the payment terms; ClearBalance will contact the guarantor for 90 days to resolve the situation. If no response, the account will be closed and returned to Essentia Health and the guarantor will be sent a final collection letter requesting payment in full for the outstanding balance, which includes applying for the FAP or utilization of an extended financing option. If no response or resolution, the account will be sent to an external collection agency. The Patient will also be able to apply for financial assistance while enrolled in the ClearBalance program.

4. Letter Retention
 - a. For those entities that are billing on the Electronic medical record system, a copy of each collection and payment plan letter will be electronically attached to that guarantor's account and the account will be auto stamped with the date that the letter was sent.
 - b. For those not billing on the Electronic medical record system, accounts will be noted with the date the letter was sent.
 5. Phone Calls:
 - a. Contact will be initiated by either a designated Business Office Representative (Rep) or an automated dialer in which a genuine attempt is made to speak with the patient or their guarantor.
 - b. For those entities using the Electronic medical record billing system, dialer and/or manual calls will be made intermittently throughout the collection cycle.
 - 1) Automated dialer calls are recorded for quality assurance purposes and will provide the patient or their guarantor with the opportunity to make payment on their account through self-service or allow them to stay on the line to speak to a Rep regarding their bill.
 - 2) Live voice dialer calls are recorded for quality assurance purposes and will allow the patient or their guarantor to speak with a representative directly to resolve their balance.
 - 3) Manual calls are recorded for quality assurance purposes and may be placed by a Rep intermittently throughout the billing cycle. The purpose of these calls is to inform the guarantor of their balance and to assist the guarantor in making payment arrangements or resolve any other billing concerns.
 - c. For those entities not using the Electronic medical record billing system, manual calls will be placed by a Rep intermittently throughout the billing cycle. Due to system limitations, these calls may not be recorded for quality assurance purposes.
 - d. Collection call attempts will continue to occur up until the guarantor's balance is transferred to an external collection agency.
 - e. A toll-free number will be provided in each letter and on each statement for the patient or their guarantor to call with questions, make a payment or payment arrangement, or obtain information about our Financial Assistance Program.
 6. Prohibited Actions for Minnesota Facilities and Minnesota Health Care Professionals:
 - a. Essentia Health will not initiate any of the following actions while a patient's application for financial assistance is pending:
 1. Offering to enroll the patient in a payment plan;
 2. Changing the terms of a patient's payment plan;
 3. Offering the patient a loan or line of credit, application materials for a loan or line of credit, or assistance with applying for a loan or line of credit, for the payment of medical debt.
 4. Referring a patient's debt for collections, including in-house collections, third-party collections, revenue recapture, or any other process for the collection of debt; or
 5. Accepting a credit card payment of over \$500 for the medical debt owed to the hospital
 - b. Essentia Health will not deny medically necessary health treatment or services to a patient or any member of a patient's family or household because of current or previous outstanding medical debt, regardless of whether services may be available from another provider. Notwithstanding the prior sentence, Essentia Health may require a patient with outstanding medical debt with Essentia Health to enroll in a reasonable payment plan for such debt prior to providing non-emergent, medically necessary health treatment or services to the patient. The refusal by such patient to enroll in a reasonable payment plan may result in delays in scheduling of, postponement of providing, or possible denial of non-emergent, medically necessary health treatment or services.
- D. Collection Efforts and Timing.
1. For those entities using the Electronic medical record billing system, Essentia Health will evaluate a guarantor's ability and likelihood to pay on open accounts. Priority logic will group guarantors with similar payment behaviors into separate segments. There are a total of five segments. The frequency, timing and methods utilized to collect open balances may vary based upon segment, however all accounts will receive a series of collection attempts through a combination of statements, letters, automated calls, and manual calls. If the guarantor does not respond or resolve their outstanding balance, accounts may be sent to collections around day 150.

- a. For those entities not using the ELECTRONIC MEDICAL RECORD billing system, guarantors will receive collection attempts around day 45 in the collection cycle. These attempts will be letters and/or manual calls. The manual final letter will be sent out around day 130 and evaluated to be sent to collections around day 145.
2. Collection timing may fluctuate from the first collection attempt to the final collection attempt due to certain circumstances, such as: coordination of benefit issue/resolution, the Financial Assistance Program process, intermittent payments, billing disputes, mail returns, etc.
3. At any time, Essentia Health recognizes that a patient may be eligible for any State or Federal programs, the Rep will assist the patient or their guarantor in obtaining information about those programs or provide contact information for those programs.
 - a. Essentia Health contracts with an external patient advocacy agency which may provide assistance to the uninsured patient in applying to certain State and Federal programs.
 - b. Essentia Health will evaluate a guarantor's ability and likelihood to pay on open accounts. Those identified as more able and/or likely to pay may be prioritized for internal collections efforts above and beyond the minimum set forth by this policy and as resources permit.
 - c. Standard collection letters, phone call protocols, and scripts will be followed to ensure communications with patients are appropriate and consistent. Standard letter templates, phone call protocols and scripts will be made available to all entities by the System Director of Patient Accounts.

All collection and payment plan letters along with patient statements, where the document is requesting payment on self-pay balances from Essentia Health's hospital entities located in Minnesota, must include all language required to be included by the AG Agreement.

IV. Reasonable Payment Options and Balance Resolution. After having established the Guarantor's financial responsibility, Essentia Health representatives shall discuss the various options for resolving self-pay balances. Options for addressing patient balances are:

- A. Request for payment in full will be made if a guarantor has declined applying for or has been denied for Essentia's Financial Assistance Program.
 1. Payment in Full Discount. Guarantors may be eligible for a 20% discount on any self-pay balance greater than \$10,000 when paying a balance in full after all applicable third parties have been billed, paid, and all applicable discounts have been applied.
 2. Payment in full can be made at any time during the collection cycle. This allows time to review and respond to any patient care or billing issues, resolution to insurance issues such as appeals and any other reason which causes delay of an insurance payment or denial. This will also allow time for medical assistance, disability and FAP eligibility determinations to be made.
 3. The discount will be taken on the balance after the uninsured discount has been applied, when applicable.
 4. Payment must be made in full, by presenting the payment in the mail, over the phone, online or in person.
 5. Effective 10/5/2021 patients will have the option to pay their balance in full by using a CareCredit credit card.
 - a. The patient will have the option to select an interest free promotional payment period of either 6, 12 or 18 months with a minimum balance of \$200.00.
 - b. If the balance is not paid in full within the promotional period selected, the patient will be charged an annual interest rate set forth in the agreement between Essentia Health and CareCredit as may be amended from time to time.
 - c. All balances under \$200.00, the payment plan will default to the patient's standard interest rate.
 - d. Guarantors will not be eligible for Payment in Full discounts if the self-pay balance is less than \$10,000, unless noted elsewhere in this policy.
- B. If unable to pay in full, negotiation of a payment plan will occur. There are two payment plan options available for patients, an In-House Payment Plan and an Extended Payment Plan
 1. In-House Payment Plan: Acceptable minimum monthly payment is \$40.00 to be paid within 6 months.
 2. Extended Payment Plan: Acceptable minimum monthly payment is \$40.00 and terms can be up to 24 months.

- a. Longer terms may be extended up to 36 months and still remain interest-free with approval by an Essentia Health staff member of the appropriate level of authority as shown on the Extended Payment Authorization Matrix. (see Attachment A). This payment plan option is offered and monitored through a third-party vendor, ClearBalance.
 - b. Repayment terms beyond 36 months will be available to patients through a low interest-bearing bank note that may be extended up to 72 months with the appropriate level of authority as described in section a. above. This payment plan option is offered and monitored through Park State Bank and the program is as follows:
 - 1) Minimum loan balance is \$2,000.
 - a) The uninsured discount will be applied when applicable.
 - b) Interest rate: All loan balances will receive an 8% interest rate assigned by the bank.
 - 2) Loan terms can be up to 60 months depending on the balance.
 - a) \$2,000 - \$5,000 maximum term is 36 months.
 - b) \$5,001 - \$10,000 maximum term is 60 months.
 - c) \$10,001 and more will be 60 months.
 - c. The Guarantor will be screened for our Financial Assistance Program prior to a CBP or Park State Bank referral.
3. If a patient cannot pay a balance in full and refuses either payment plan option and does not qualify for the Financial Assistance program, the situation may be reviewed with the Supervisor/Manager/Director to consider approval for a payment plan exception.
- C. If a Guarantor is on an existing payment plan and incurs additional out-of-pocket costs, the guarantor's current payment plan may be revised to account for the additional costs.
- D. At any stage of the patient experience and throughout the collection process, the Guarantor may express a concern that they are unable to pay their bill in full or meet the payment plan requirements. At that time, the Guarantor will be given every opportunity to complete and submit an application for the FAP.
1. If a patient or their guarantor is unable to make reasonable payment arrangements, including the usage of CBP, CareCredit, and/or Park State Bank, and is not eligible for the FAP, the patient or their guarantor may obtain financing through a financial institution of their choice.
- E. Payment plan exceptions or CBP and/or CareCredit refusals will be considered on a case-by-case basis at the discretion of the System Director of Patient Financial Services or other designated Essentia Health leaders such as department supervisors and/or managers.
- F. Payment Methods:
1. Payments may be mailed or made in person using the following methods: Cash, check, or credit cards.
 2. Payment may be made online for balances at locations that are able to accept payments via the Essentia Health website: www.essentiahealth.org.
 3. For those entities without access to the Essentia Health website, payment may be made by calling a Rep at that entity to make payment over the phone or by sending their payment by mail.
 4. Payment may be made over the phone by calling the phone number listed on their billing statement or provided in their collection letter.
 5. Automatic or manual withdrawal may be made from checking accounts, savings accounts, or credit cards with guarantor approval.
 6. For patients being billed out of the electronic medical record billing system, the guarantor can enroll in "e-statements" to receive a paperless statement and to make their payment through MyChart.
 7. CareCredit payments can be made as follows:
 - a. Online at carecredit.com/health
 - b. By phone at 855-878-5952
 - c. Calling Patient Financial Services by speaking to a Patient Financial Services Representative
 - d. In person with a Patient Financial Services Counselor

- G. In accordance with MN Statutes § 332C.02(15), Essentia Health will issue a receipt to an individual making a cash payment for a patient's medical debt and will maintain a copy of the receipt in the patient's payment records.
- H. After a review is completed and any billing errors are corrected pursuant to Section VI.B.6. below, if it is determined that a patient has made an overpayment, Essentia Health will initiate a refund to the patient within 30 days. If a patient has any outstanding account balances, including pending insurance balances, the refund will be applied to such accounts unless the patient requests the refund in the form of a check. If the patient has no outstanding account balances or if there is a remaining overpayment after outstanding account balances have been settled, then Essentia Health will mail a check for the overpayment amount to the patient at the patient's address on file.
- V. **Transfer to a Collection Agency or Debt Litigation Attorney/Law Firm.** Diligent follow-up efforts will be made to communicate with patients or their guarantors, encouraging them to resolve their outstanding balance to prevent referrals to external collection agencies or debt litigation attorney/law firms. In certain cases, it may be prudent to pursue collection agency or legal action to collect self-pay balances.
- A. Neither Essentia Health nor its employees or contracted collection agencies or debt litigation attorney/law firms will engage in extraordinary collection activities (ECAs) before reasonable efforts to determine FAP eligibility is made.
1. The collection agency and the debt litigation attorney/law firm is prohibited from reporting any patient to a credit reporting agency, causing arrests or detainment, foreclosing on real property or other personal property as a result of failure to pay a bill.
- B. Essentia Health shall not refer any patient's account to a collection agency or debt litigation attorney/law firm until it has been confirmed that:
1. There is a reasonable basis that the patient owes the debt and there is no dispute of charges on file.
 2. All known third-party payers have been properly billed and any remaining balance is the financial responsibility of the patient. The patient will not be billed for any amount that an insurance company is obligated to pay.
 3. Patient has been offered a reasonable payment plan.
 4. Patient has been given a reasonable opportunity to submit an application for FAP.
 5. If a FAP application has been provided per policy, collection activity will be suspended for 30 days allowing time for the application to be processed and the patient notified of its decision.
 6. Essentia Health has identified guarantor accounts with medical debt owed by a spouse in the collection agency placement files so that the agencies can segregate the debts for each spouse onto their own individual accounts before pursuing any ECAs
 7. Essentia Health shall not refer any patient to an external collection agency or debt litigation attorney/law firm if the patient has made payments in accordance with the terms of a payment plan previously agreed upon.
 8. Accounts with exclusions to the above collection write off criteria, or that have minimum balance requirement according to Essentia Health Standard Work SW-EH-18179 will be reviewed to ensure that all applicable discounts have been applied, which would include the uninsured discount when appropriate.
- C. After reasonable collection efforts are exhausted and the account has been deemed appropriate for transfer to a collection agency, the account will be assigned to a collection agency at regularly scheduled intervals, at a minimum of one (1) time per month. Prior to an account being placed with a collection agency, the appropriate level of authority must approve the placement and a certification of expert review must be completed. See Attachment A - Approval Matrix for Transfer to a Collection Agency and EHADM7004 : Collection Agency Practices. Once the patient receives their final notice, the account will be transferred to a collection agency within 30 business days of the letter being sent.
- D. Essentia Health will not commence any legal activity without the appropriate level of authority approving such action. See Attachment A – Approval Matrix for the Commencement of Legal Activity and EHADM7005: Debt Litigation Practices.

- E. All Essentia Health patients will be given an opportunity to apply for FAP and any time throughout the collection process.
 - 1. Notification period of any ECA must be given a minimum of 120 days from the date of the patient's first post-discharge statement. During this notification period, Essentia Health will not initiate any ECA on a patient who has been provided a FAP application and their eligibility has not yet been determined.
 - 2. If an ECA has commenced during the application period (which is after 120 days and before 240 days of the first post-discharged statement) and the patient has submitted an application for FAP, Essentia Health will process the application.
 - a. During the application review period, all ECA actions will be held until eligibility determination has been made.
 - 1) If the patient qualifies for a FAP discount (100%) on eligible charges, the ECAs will stop. The patient will be refunded for any payments they have made after Essentia Health has received their application.
 - 2) If the patient qualifies for a partial FAP discount on eligible charges, ECAs will resume on the remaining patient balance after notifying the patient of the discount and their balance due.
 - 3) If the patient has made payments more than the amount that is owed, the patient will be refunded the excess.
 - 3. If the FAP application is not complete and sufficient information has not been provided by the patient, a written notice will go out to the patient stating the application is denied due to insufficient information. The written notice will inform the patient that they have thirty (30) days in which to provide that information before the ECA action will resume.
- F. Uncollectable Accounts - Essentia Health deems accounts uncollectible when the applicable statute of limitations has expired or when the guarantor has qualified for 100% financial assistance write-off. Essentia Health shall require its third-party collection agencies and law firms to cease collection activities on accounts placed for collection on or before the date the applicable statute of limitations expires, unless the account is in a payment arrangement, litigation or judgment status. Essentia Health shall require its third-party collection agencies and law firms to cease collection activity on judgment accounts on or before the date the judgment expires, unless otherwise renewed or on an active payment arrangement. Essentia Health shall require its third-party collection agencies and law firms to immediately cease all collection activity on accounts that have been paid, settled, or been subject to 100% financial assistance write-off.

VI. **Ceasing Collection Efforts.** Essentia Health strives to provide patients with assistance in meeting their financial obligations by providing timely, clear and accessible information regarding their bills. When a patient requests further information or challenges their balance, further collection efforts by Essentia Health, an external collection agency or any debt litigation attorney/law firm utilized by Essentia Health must cease until the requested documentation is provided.

- A. Essentia Health will employ reasonable collection efforts in a fair and consistent manner to pursue collection of patient balances from patients who have the ability to pay for their services.
- B. Each Essentia Health entity must develop a streamlined process for patients to question or dispute bills, which will include:
 - 1. Providing a toll-free phone number that patients may call and an address to which they may write.
 - 2. The toll-free phone number and address shall be listed on all patient bills and collection notices sent by each Essentia Health entity.
 - 3. Essentia Health entities shall return telephone calls made by patients to the business office as promptly as possible, but in no event no later than one (1) business day after the call is received.
 - 4. If the issue cannot be resolved within the designated time frame, the Rep will contact the patient and inform them that additional time is needed to research the issue. The Rep will also inform the patient the date in which they can expect a response.

5. Essentia Health entities shall respond to written correspondence, including emails and faxes, sent to the entity's address by patients within ten (10) days of receiving the request. Response can be made by phone or in writing.
 6. Essentia Health's Minnesota facilities patient inquiry/complaint process will adhere to the following requirements:
 - a. Notice to patient of potential billing error. (a) If Essentia Health determines or receives notice from a patient or other person that a bill from Essentia Health to a patient for health treatment or services may contain one or more billing errors, Essentia Health must notify the patient: (1) of the potential billing error; (2) that Essentia Health must review the bill and correct any billing errors found; and (3) that while the review is being conducted, Essentia Health must not bill the patient for any health treatment or service subject to review for potential billing errors. This notice will be transmitted to the patient within 30 days after the date Essentia Health determines or receives notice that the patient's bill may contain one or more billing errors.
 - b. Notice to patient of completed review. When Essentia Health completes a review of a bill for potential billing errors, Essentia Health will (1) notify the patient that the review is complete, (2) explain in detail how any identified billing errors were corrected or explain in detail why Essentia Health did not modify the bill as requested by the patient or other person, and (3) include applicable coding guidelines, references to health records, and other relevant information. This notice will be transmitted to the patient within 30 days after the date Essentia Health completes the review.
- C. If the Guarantor advises an Essentia Health entity that the patient does not owe all or part of a bill, a third-party payer should pay the bill or otherwise requests documentation to substantiate the bill:
1. The Essentia Health entity must respond to the patient's concern, verbally or in writing, to establish that the patient owes the debt or that the applicable third-party payer has already paid all amounts for which it is obligated following the process outlined in section B.
 2. If the Guarantor is providing new insurance information, the Essentia Health entity will bill the appropriate third-party payer.
 - a. If it is determined that Essentia Health was supplied the billing information from the patient past timely filing, upon review, we may attempt to appeal the denial.
 - b. If a Guarantor does not provide insurance information within the payer's timely filing guidelines, the patient is responsible for payment of all unpaid charges.
 3. If insurance information was found to be available on the Guarantor's account and Essentia Health failed to bill within the timely filing limit, the patient will not be held responsible for payment of any denied charges.
 4. Upon receiving an inquiry or requests for documentation, Essentia Health will respond within ten (10) days of receiving such and shall not pursue further collection activity for a period of thirty (30) days, allowing time for the patient to review documentation and contact Essentia Health with questions.
 5. If Essentia Health provides the required documentation and the Guarantor does not respond within thirty (30) days, Essentia Health may resume collection activity.
- VII. **Credit Reporting.** Neither Essentia Health nor any of its collection agencies or debt litigation attorney/law firm shall report any patient to a credit-reporting agency as a result of that patient's failure to pay a medical bill.
- VIII. **Attorney Representation.** If Essentia Health has knowledge of the identity of an attorney representing a patient in connection with an Essentia Health debt, Essentia Health shall not contact the patient directly without the permission of the patient's attorney. However, if a patient contacts Essentia Health, the Essentia Health employee will respond to the patient.
- IX. **Patient Complaints.** Essentia Health shall maintain a method in which to record and log all patient complaints received by its billing offices regarding the collection of medical debt or its billing practices. This also applies to a complaint made by the patient alleging any inappropriate treatment they received from any Essentia Health collection agency or debt litigation attorney/law firm employee. Refer to EHADM7006: Customer/Patient Billing Complaint Policy for more details.

- X. **Alternative Language.** Essentia Health entities will periodically evaluate whether a need exists to print letters, FAP application, or policy in a language other than English. This determination will be made, if that language is the prominent language of the communities in each hospital service area which is defined as greater than 1,000 people or 5%. Interpreter services will be available upon request as needed to discuss the program further with patients or their guarantors.
- XI. **Monitoring and Measuring Performance.**
- A. Metrics to monitor the effectiveness of and compliance with this policy will be developed. Measures will include:
1. Tracking of self-pay accounts referred to collection agency and the collection rate of those accounts will be monitored by the System Director of Patient Financial Services for those using the Electronic medical record billing system. For those not using the Electronic medical record billing system, a designated Essentia Health leader will monitor collection agency referrals and their collection performance.
 2. Average age of self-pay accounts receivable will be reviewed monthly to ensure that accounts are being moved through the collection process timely while balancing the need for financial stewardship. This will be monitored by the System Director of Patient Financial Services for those entities using the Electronic medical record billing system. For those not billing out of the Electronic medical record billing system, a designated Essentia Health leader will review the aging of self-pay accounts.
 3. Additional monitoring and auditing activities will be performed as needed to ensure compliance with applicable state and federal regulations and other requirements.
- XII. **Staff Training.** A staff training program is essential for successful customer service and collection interactions.
- A. Training should highlight Essentia Health expectations for treating patients with dignity along with acceptable collection scripts and information necessary to effectively inform patients regarding the FAP.
- B. Staff responsible for collecting self-pay accounts, (pre or post service) should be trained on customer service, account negotiation/resolution and collection skills.
- C. Refresher courses should also be a regular part of continuing education training for Business Office Representatives.
- XIII. **Equal Opportunity.** When making decisions throughout the collection process, Essentia Health is committed to upholding the multiple federal and state laws that preclude discrimination on the basis of race, sex, age, religion, national origin, marital status, sexual orientation, disabilities, military service or any other classification protected by federal, state, or local laws.
- XIV. **Confidentiality.** Each Essentia Health entity will meet applicable state and federal requirements for handling personal health information. See Essentia Health policies and procedures related to patient privacy for further details.

Attachments:

Attachment A –

- Extended Payment Plan Authorization Matrix – Electronic medical record and Non-Electronic medical record Sites
- Collection Agency Authorization Matrix –Electronic medical record and Non-Electronic medical record Sites

Attachment B – Reasonable Collection Efforts –Electronic medical record Sites

Attachment C – Legal Entity Names covered by Essentia Health’s Billing and Collections Policy

Associated Form Numbers:

I. N/A

Standard Work-Related Documents:

I. For a complete listing of all Essentia/Market Affiliates, see SW-EH-16141

References:

Minnesota Statutes §§ 144.587, 144.588, and 144.589

Minnesota Statutes Chapter 332C

Minnesota Statutes § 519.05

26 U.S.C. § 501(r)

AG Agreement

Essentia Health Financial Assistance Policy EHADM7003

Collection Agency Practices Policy EHADM 7004

Debt Litigation Practices Policy EHADM7005

Customer/Patient Billing Complaints Policy EHADM7006

General Consent & Authorization Policy SW-EH-17495

Patient's Right to Request Restriction on the Use and Disclosure of Protected Health Information Policy EHADM3029

Waiver of Charges and Patient Liabilities Policy EHADM3017

Retired Policy #: EHA0021

This Section for Policy Administrators Only

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Board 8/16/2022

EHLT 7/19/22

EAST MARKET BOARD 11/7/2024

WEST MARKET BOARD 11/5/2024

APC 7/11/2022; 10/7/2024

ATTACHMENT A



Payment Plan Authorization Matrix – Epic Sites

Payment Plans	Patient Financial Services Department
Up to 24 months	Patient Financial Services Rep
25 months to 36 months	Patient Financial Services Supervisor
37 months to 48 months	Patient Financial Services System Manager
49 months and greater	System Director of Patient Financial Services

Collection Agency Authorization Matrix – Epic Sites

Self-Pay Collections	Patient Financial Services Department
\$0.01 - \$2,499.99	Patient Financial Services Representative
\$2,500.00 - \$4,999.99	Revenue Services Associate I, Revenue Services Associate II, System Analyst I
\$5,000.00 - \$9,999.99	Patient Financial Services Supervisor
\$10,000.00 - \$29,999.99	Patient Financial Services System Manager
\$30,000.00 - \$49,999.99	Patient Financial Services System Director
\$50,000.00 - \$74,999.99	Senior Director, EH Revenue Services
\$75,000.00 - \$99,999.99	Vice-President, EH Revenue Services
\$100,000.00 +	EH Chief Financial Officer

ATTACHMENT C



Essentia Health

Location Names covered by the Essentia Health Billing and Collections Policy

Essentia Health St Marys Heart And Vascular Center	Essentia Health Virginia Medical Arts Clinic
Duluth Family Medicine Clinic	Essentia Health West Acres Clinic
Essentia Health Ashland Clinic	Essentia Health West Duluth Clinic
Essentia Health Babbitt Clinic	Essentia Health West Fargo Clinic
Essentia Health Baxter Specialty Clinic	Essentia Health 45th Street Clinic
Essentia Health Brainerd Specialty Clinic	Essentia Health Cloquet Clinic
Essentia Health Downtown Moorhead Clinic	Essentia Health Duluth-Amberwing Clinic
Essentia Health Grand Rapids Clinic	Essentia Health Hibbing Clinic
Essentia Health Hackensack Clinic	Essentia Health Miller Hill Clinic
Essentia Health Hankinson Clinic	Essentia Health St Josephs-Pierz Clinic
Essentia Health Hinckley Clinic	Essentia Health St Josephs-Pine River Clinic
Essentia Health Jamestown Clinic	Essentia Health The Lights West Fargo Clinic
Essentia Health Lisbon Clinic	Essentia Health Ada Clinic
Essentia Health Mid Dakota Bismarck 9th St Clinic	Essentia Health Bagley Clinic
Essentia Health Mid Dakota Bismarck Gateway Clinic	Essentia Health Ely Clinic
Essentia Health Mid Dakota Bismarck Kirkwood Clinic	Essentia Health Graceville Clinic
Essentia Health Mid Dakota Women's Center Bismarck	Essentia Health Hayward Clinic
Essentia Health North Fargo Clinic	Essentia Health International Falls Clinic
Essentia Health Osgood Clinic	Essentia Health Menahga Clinic
Essentia Health Park Rapids Therapy	Essentia Health Northern Pines Clinic
Essentia Health St Josephs-Orthopedics Clinic	Essentia Health Oklee Clinic
Essentia Health Valley City Clinic	Essentia Health Park Rapids Clinic
Essentia Health Wahpeton Clinic	Essentia Health Park Rapids Hwy 34 Clinic
Essentia Health Wellness Clinic Hermantown	Essentia Health Spooner Clinic
Essentia Health 32nd Avenue Clinic	Essentia Health St Marys-Frazee Clinic
Essentia Health 52nd Avenue Clinic	Essentia Health St Marys-Mahnomen Clinic
Essentia Health Casselton Clinic	Essentia Health St Marys-Pelican Rapids Clinic
Essentia Health Deer River Clinic	Essentia Health Walker Clinic
Essentia Health Duluth Clinic (1st St Building)	Essentia Health Duluth
Essentia Health Fosston Clinic	Essentia Health Fargo
Essentia Health Hermantown Clinic	Essentia Health St Josephs Medical Center
Essentia Health Lakeside Clinic	Essentia Health St Marys Medical Center
Essentia Health Lakewalk Clinic	Essentia Health Virginia
Essentia Health Moorhead Clinic	Essentia Health Ada

Essentia Health Moose Lake Clinic	Essentia Health Deer River
Essentia Health Proctor Clinic	Essentia Health Fosston
Essentia Health South University Clinic	Essentia Health Holy Trinity Hospital
Essentia Health St Josephs Deerwood Clinic	Essentia Health Moose Lake
Essentia Health St Josephs Emily Clinic	Essentia Health Northern Pines
Essentia Health St Josephs Staples Clinic	Essentia Health Sandstone
Essentia Health St Josephs-Baxter Clinic	Essentia Health St Marys Hospital-Superior
Essentia Health St Josephs-Brainerd Clinic	Essentia Health St Marys-Detroit Lakes
Essentia Health St Josephs-Crosslake Clinic	Independent Diagnostic Testing Facility
Essentia Health St Josephs-Lakeland Psychiatry Clinic	Essentia Health Lakes Imaging
Essentia Health St Josephs-Pequot Lakes Clinic	Independent Lab
Essentia Health St Josephs-Pillager Clinic	SMDC Clinical Laboratory
Essentia Health St Marys-Detroit Lakes Clinic	SMDC Clinical Laboratory Superior
Essentia Health St Marys-Lake Park Clinic	Essentia Health Surgery Center-Miller Hill
Essentia Health St Marys-Superior Clinic	Essentia Health Wahpeton Asc
Essentia Health Virginia Clinic	Lakewood Surgery Center