# ThedaCare

## Policy & Procedure

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<th>Policy Title:</th>
<th>Self-Pay Collection Policy</th>
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<td>Policy Number:</td>
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<tr>
<td>Location(s):</td>
<td>All ThedaCare</td>
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<td>Department(s):</td>
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<tr>
<td>Reviewing Body(s):</td>
<td>ThedaCare Corporate Compliance &amp; ThedaCare Finance Committee</td>
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<td>Approving Body(s):</td>
<td>ThedaCare, Inc. Board of Directors and all Local Boards of Directors</td>
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**PURPOSE:** It is the policy of ThedaCare, Inc. (“ThedaCare”) to practice consistent and balanced collection procedures for all medically necessary services which result in a self-pay balance. This document outlines the policy and procedure related to internal, external and third party self-pay collection efforts.

**SCOPE:** This policy is applicable to all ThedaCare entities, employed providers and third party collectors contracted by ThedaCare to assist in collecting self-pay debt.

**DEFINITIONS:**

**Account** - Each service or episode of care provided by ThedaCare has a separate account.

**Amounts Generally Billed (“AGB”)** – The amounts generally billed for medical services provided to patients with insurance that covers the service. The amounts generally billed for emergency services is calculated based on payments received the previous year for patients covered by the top three commercial and government insurance companies divided by the gross charges in ThedaCare’s fee schedule. The amounts generally billed for all other medical services is calculated based on the average payment of the top three commercial payors.

**Civil Litigation** – ThedaCare may engage in or permit a third party collector to pursue civil litigation for unpaid balances after all other collection efforts have failed. Civil litigation could result in the court awarding a money judgment, a lien attachment to assets and/or a wage garnishment or any other relief permitted by law.

**Extraordinary Collection Efforts** – When the delinquent Account balance is reported to a credit bureau or pursued through civil litigation. These actions may incur a negative remark on the Guarantor and/or patients credit record.

**Guarantor** – The person legally responsible for payment of a self-pay balance. This may be the patient or another designated individual.
Hospital Lien – A claim by a hospital for non payment of services provided to an injured person. The claim is on a judgment, award or settlement that the injured person may have against the person responsible for the injury.

Prime – This refers to the standard federal interest rate charged to customers with highest credit ratings.

Self-pay Balance or Debt – The portion of the patient’s bill the Guarantor is legally responsible to pay after all applicable payments and discounts are applied.

Third Party Liability – A third party payor that may be responsible to pay part or all medical expenses for a patient. A few examples of Third Party Liability include auto insurance, worker’s compensation or home owner’s insurance.

Uninsured – Patient that is not covered by a commercial, government or third party carrier.

PROCEDURE(S):

1. **Reasonable Efforts to Communicate and Determine Financial Assistance Eligibility.** Pursuant to the policy titled *Caring Hearts Financial Assistance Program* (“Caring Hearts”), ThedaCare and/or contracted third parties collecting self-pay balances on behalf of ThedaCare will notify all customers that financial assistance is available and will ensure reasonable efforts to determine financial assistance eligibility are practiced prior to pursuing Extraordinary Collection Efforts.

2. **Reasonable Efforts to Ensure Insurance Benefits and Uninsured Discounts are Applied to Account.** ThedaCare will make reasonable efforts to ensure the patient insurance benefits are applied to the account prior to sending a billing statement to the Guarantor.
   a. ThedaCare billing representatives attempt to collaborate with the insurance company to ensure benefits were applied to the account prior to billing the Guarantor.
   b. In the event a commercial insurance company does not respond within 30 days, the balance may be billed to the Guarantor.
   c. ThedaCare will follow CMS regulations prior to billing a Guarantor for accounts if the patient is covered by government administered coverage such as Medicare or Medicaid.
   d. Uninsured patients will have a discount applied to the account prior to billing the Guarantor. The uninsured discount will be consistent with the AGB.

3. **Internal Collection Efforts.** ThedaCare representatives will attempt to collect the self-pay debt prior to referring the debt to an external third party collection agency.
   a. The Guarantor will receive a minimum of 3 billing statements after the date of discharge prior to referring the debt to a third party collector.
   b. The statements will communicate account status and potential collection action on the summary page and availability of Caring Hearts with relevant contact information.
   c. The ThedaCare representative will attempt to set up a payment plan and/or offer Caring Hearts information when talking with Guarantor via phone.
4. **External Collection Efforts.** In the event a self-pay balance is not paid in full or set up on a payment plan and 3 billing statements have been mailed to the Guarantor, ThedaCare may refer the self-pay balance to a third party collector. Examples of third party collectors include attorneys and collection agencies. Third party collectors are contracted with ThedaCare and must comply with the collection methods listed below.
   a. Guarantor will receive a minimum of one separate written letter that communicates the self-pay balance has been referred to their office. This letter will communicate the availability of Caring Hearts financial assistance and how to apply.
   b. The third party collector will place a minimum of one outbound call that will attempt to orally notify Guarantor of Caring Hearts financial assistance option.
   c. If a third party payor such as worker’s compensation, an estate or motor vehicle insurance company may be responsible for the debt, a lien may be placed prior to the notifications outlined in sections 3.1 and 3.2.
   d. A third party collector may initiate Extraordinary Collection Efforts outlined in the definitions section of this policy 120 days after the first billing statement from the date of discharge or sooner if financial assistance eligibility has been determined.

5. **FDCPA Compliance.** ThedaCare and any of its contracted third party collectors will comply with the Fair Debt Collection Practices Act (FDCPA) regulations as might be applicable to its collection activities.

6. **Interest and Cost of Third Party Collection Fees.** The responsibility of collection and civil litigation fees are outlined below.
   a. ThedaCare shall not charge interest on any account with the exception of accounts that are pursued with civil litigation.
   b. Accounts that were pursued with civil litigation and judgment was placed on the account may accrue interest. Interest rate is prime plus 1%.
   c. ThedaCare is responsible to pay any commission due to the third party collector.
   d. In the event that civil litigation is pursued and successful, Guarantor is responsible for all court costs.

7. **Policy Availability.** You may receive a copy of this policy by:
   a. Visiting the thedacare.org web site.
   b. Contacting our Customer Support department at 1-800-236-4102.
   c. Request in writing to: ThedaCare Billing, PO Box 8003, Appleton, WI 54912.

8. **Billing Statements.** ThedaCare will provide Guarantor with a minimum of 3 billing statements prior to referral to a third party collection agency or attorney.
   a. Billing statements will communicate payment options along with the availability of Caring Hearts financial assistance.
   b. Billing statements shall notify Guarantor prior to referral of self-pay balance to a third party collection agency or attorney.
9. **Payment of Account.** If Guarantor made a payment on the account, a ThedaCare representative will attempt to contact the Guarantor via phone call and/or letter prior to referring the self-pay balance to a third party collection agency or attorney.
   a. The ThedaCare representative will attempt to set up a payment arrangement that meets the Guarantor’s and ThedaCare’s financial needs.
   b. The ThedaCare representative will offer Caring Hearts Financial Assistance if a need is identified when talking with the Guarantor.

10. **Non Payment of Account.** If there has been no attempt made by Guarantor to pay on the account or contact a ThedaCare representative after 3 billing statements from the date of discharge the account may be referred directly to the third party collection agency or attorney.
   a. The third party collector will send a letter to notify Guarantor of account placement. The letter will notify the Guarantor of the option for Caring Hearts financial assistance and how to apply.
   b. Third party collector will place a minimum of one outbound phone call to notify Guarantor of Caring Hearts financial assistance option and how to apply.

11. **Extraordinary Collection Efforts.** In the event a payment arrangement cannot be agreed upon with the Guarantor after completing outlined in section 7 of this policy, the third party collector may pursue extraordinary collection efforts within the parameters of this policy and any related 501(r)(6) federal regulations.
   a. The third party collector may not pursue extraordinary collection efforts until 120 days after the date of first billing statement after the patient was discharged or upon determination of financial assistance eligibility. Only then may a third party collector report the unpaid balance to one or more credit bureaus.
   b. Upon approval from ThedaCare, a third party collector may pursue civil litigation outlined in the definitions section of this policy.

12. **Hospital Liens.** A hospital lien is an exception to standard collection practices. A hospital lien may be placed on any account that is the result of an injury if there is a possibility that a third party payor is responsible. The lien may be placed on the account immediately upon discharge in order to comply with timely filing limitations.

**References:**

26 U.S.C § 501(r)(6)

Caring Hearts Financial Assistance Policy