

Title: Patient Collections Policy

Department: Finance



1.0 Policy:

The Patient Collections Policy will govern the actions and timelines to be used in attempting to collect amounts due from patients for services received at Sparrow Health System. The policy complies with Section 501(r) of the Patient Protection and Affordable Care Act of 2010 which created financial assistance and collection stipulations for charitable hospital organizations operating as a 501(c)(3) corporations.

2.0 Scope:

This policy applies to Sparrow Hospital, Sparrow Carson Hospital, Sparrow Clinton Hospital, Sparrow Specialty Hospital, Sparrow Eaton Hospital and Sparrow Ionia Hospital. It includes hospital services and those professional services provided by Sparrow employed providers in the hospital and ambulatory settings.

3.0 Definitions:

ECA-Extraordinary Collection Activity (as defined by 501(r) regulations)

FAA-Financial Assistance Application

FAP-Financial Assistance Policy

Healthcare Recovery Score-A healthcare recovery score is a scoring modeled developed by a third-party vendor designed to predict an individual's ability to pay medical bills.

Responsible Party-The patient or parent/guardian responsible for payment on balances owed to Sparrow.

4.0 Collection Actions:

Below is a grid of common collection actions, whether they are classified as an Extraordinary Collection Action (ECA) under Section 501(r) of the ACA and whether Sparrow allows the action.

Collection Action	ECA	Sparrow Allows
Billing Statements	No	Yes
Automated Phone Reminders	No	Yes
Live Person Inquiry Calls	No	Yes
Listing with a Third-Party Collection Agency	No	Yes
Pre-service or Point of Service collections for present care	No	Yes
Charging interest on medical debt	No	No
Filing a claim in a bankruptcy proceeding	No	No
Reporting adverse information to consumer credit reporting agencies	Yes	Yes
Civil action through the court*	Yes	Yes
Wage garnishments*	Yes	Yes
Placing liens, attaching or seizing individuals' property, bank accounts, etc.	Yes	No
Collection of prior balances before medically necessary or emergency care	Yes	No
Deferral or Denial of Care based on non-payment of current or past bills	Yes	No
Selling outstanding balances to a debt buyer	Yes	No

*Legal action is only taken after direct contact with the patient is made, income source verified, and patient refuses to pay an outstanding balance.

4.1 Collection Process and Timeline:

- A. Statements - At least three separate statements, including a final notice, for collection of Patient Balances will be mailed or emailed to the last known address of the Responsible Party. At least 90 days will elapse between the first and last required mailings. Statements will contain the following content:
 - a. A listing of detailed charges for each date of service. (1st statement only)
 - b. Insurance payments and adjustments posted to the account.
 - c. A balance due for each date of service.

- d. Notices regarding Sparrow's FAP and how to obtain a Sparrow FAA.
 - e. Information regarding any collection actions to be taken. (3rd statement only)
 - f. A plain language summary of Sparrow's FAP. (3rd statement only)
- B. Oral Communications-A minimum of one phone contact will be initiated to the last known phone number of the Responsible Party. This phone call will take place at least 30 days prior to any ECA's being initiated. Phone calls will contain the following content:
- a. Notice of the balance due.
 - b. Notice of how to make payment on the account.
 - c. Information regarding availability of financial assistance and how to inquire/apply for assistance.
- C. Consideration of Placement with Collection Agencies-After at least 120 days from the 1st billing statement, accounts will be considered for placement with a third-party collection agency. Prior to placement the following actions will be taken:
- a. Accounts reviewed for any recent payments.
 - b. Accounts reviewed for any Financial Assistance Applications or inquiries for Financial Assistance.
 - c. Healthcare recovery scores will be used to make presumptive Financial Assistance determinations (see FAP policy for details.)
- D. Placement with Collection Agencies-Third-party Collection Agency actions will be directed by agreements between Sparrow and the Agency. Minimum requirements will be directed as follows:
- a. At least one written correspondence will be initiated prior to ECA's.
 - b. At least one oral communication will be initiated prior to ECA's.
 - c. ECA's will not be allowed for at least 30 days after the 1st written and oral communication.
 - d. If a request for financial assistance is received within 6 months of placement, the account will be referred back to Sparrow for processing.
 - e. Agency will be allowed to initiate any of the ECA's allowed by Sparrow at their discretion.

4.2 Financial Assistance Processing during the Collection Process:

- A. All references to Sparrow's FAP in this policy document will be governed by that FAP policy.
- B. If a Patient or Responsible Party inquires or applies for Financial Assistance during the 6-month period after the 1st billing statement, all collection activity will be suspended until a final determination is made regarding the eligibility for Financial Assistance.
- C. If a Responsible Party is deemed eligible for Financial Assistance, any amounts previously paid in excess of the amount owed after FAP discounts will be refunded.
- D. If a Responsible Party is deemed eligible for Financial Assistance, all reasonable steps will be taken to reverse any adverse collection actions.
- E. Financial Assistance inquires/applications received more than 6 months after the 1st billing statement will only be honored in extenuating circumstances and at the discretion of Sparrow Leadership.

4.3 Publication:

Sparrow's Patient Collections Policy will be made available for public review in the following ways:

- 1. Published on the Sparrow Health System internet site.
- 2. Referenced on patient collection statements.
- 3. Made available upon request from a patient.

5.0 Related Policies: Financial Assistance Policy, EMTALA Policy

6.0 Other Documentation Section 501(r) of the Patient Protection and Affordable Care Act of 2010