

Allina Health-wide Policy: **System Wide** **Collection Policy**

Origination Date: January 2016
Updated Date: August 2017

Scope:

This policy applies to the collection agencies retained by any Allina Health business office to collect medical debt from individual patients.

Purpose:

To establish a policy governing the collection of medical debt from individual patients by collection agencies retained by Allina Health, in accordance with the guidelines set out in an agreement with the Minnesota Attorney General's Office and other state and federal laws governing hospitals or clinics.

Policy:

When collecting medical debt, collection agencies will treat the patients of Allina Health with honor, dignity, and courtesy; demonstrate compassion; and be good stewards of health care resources. This policy establishes standards for the fulfillment of Allina Health's values in the collection of medical debt by collection agencies. There is zero tolerance for abusive, harassing, oppressive, false, deceptive, or misleading language or collection conduct by collection agencies that collect medical debt from Allina Health's patients. This policy supersedes all existing policies regarding the collection of patient accounts receivable by all units of Allina Health.

Procedures:

1. Patient Correspondence.

All correspondence seeking collection of medical debt from patients will contain at least the following information:

- a. a local or toll-free number patients may call to question or dispute bills;
- b. an address to which patients may write to question or dispute bills;
- c. the following information, in the same size and font as other words in the body of the communication, regarding the Minnesota Attorney General's Office: "If you feel that your concerns have not been addressed, please

contact our office first and allow us the opportunity to try to address your concerns. If you continue to have concerns that have not been addressed, you may contact the Minnesota Attorney General's Office, which can be reached at 651-296-3353 or 1-800-657-3787."

2. **Communications with Patients.**

- a. When patient responsibility is determined, the patient will receive a monthly statement indicating the balance due and options for resolving the balance they owe.
- b. An attempt(s) will be made to contact the responsible party to resolve their balance when the patient responsibility is aged 61 days from the date of the initial statement.
- c. During any initial contact with the responsible party regarding the collection of medical debt, if there is a question as to whether the person billed was the person who received the services, Allina Health staff will verify any demographic information necessary to confirm that the person billed actually owes the debt. Collectors will also verify the accuracy of any information regarding third-party payers that may be obligated to pay for medical items or services received by the patient.
- d. During any initial or subsequent contact with a patient regarding the collection of medical debt, if the responsible party has indicated an inability to pay the full amount of the debt in one payment, collectors will discuss with the patient of all of the following options:
 - i. The responsible party may pay the balance of the debt in twelve monthly payments or a minimum payment of \$ 30.00 per month, whichever is greater, through an established installment plan; longer installment plans must be approved on a case-by-case basis by the manager or director of Customer Service and Collections within the respective business office.
 - ii. The responsible party may apply for free care through Allina Partners Care Policy (referred to as the "Partners Care Policy").
 - iii. The responsible party may finance the debt through Allina Health's MedCredit program, which extends credit to every

patient with an income regardless of the responsible party's past credit history (assuming no previous MedCredit default), and will not charge interest if the balance is paid within 90 days;

- e. If the responsible party desires to apply for free care, collection staff will mail an application to the patient at the patient's last known address and suspend collection activity for 30 days. Collection activity may resume if, after 30 days, an application for free care has not been received. If the patient has submitted an application for free care, collection activity may resume after the application for free care has been denied or if the application has not been returned with the requested information.
- f. The collection staff will keep a record of the date, time, and purpose of all communications with patient debtors.
- g. If after a period of 120 days from the initial billing statement payment arrangements have not been made by the responsible party and the responsible party has not been approved for Allina Partners Care, a final notice will be sent out indicating that payment is overdue and needs to be resolved within 10 days of the letter or the account may be sent to a collection agency.
- h. The collection agency will send a validation notice to the responsible party for each outstanding balance received by the agency and allow the responsible party 30 days to dispute the balance owed.
- i. If the balance remains unresolved after the 30 day validation period, collection attempts will continue until the time the balance is resolved by payment arrangements or the responsible party has applied and been approved for free care through Allina Partners Care.
- j. Applications for Allina Partners Care will be accepted and reviewed for a period of at least 240 days from the date of the original billing statement showing the balance due from the responsible party.
- k. Reference to Minnesota Attorney General. At no time during the collection process will the collection agency state or imply, either directly or indirectly, that the State of Minnesota Attorney General's Office has approved of, condones, or agrees with any lawsuit, garnishment, or other attempt by Allina Health to collect debt from a patient/ guarantor.

- I. **Attorney Representation of Patient/ Guarantor.** If the collection agency has knowledge of the identity of an attorney representing a patient in connection with its debt collection efforts, the collection agency will notify outside counsel (if applicable) of the identity of any attorney who represents the patient/ guarantor. The collection agency will not directly contact any patient known to be represented by an attorney with regard to collection of that debt without permission of the patient/ guarantor's attorney.
3. **Suspending Collections While Responding to Patient Questions or Disputes.** Allina Health will exercise its best efforts to respond to all questions or disputes from patients regarding a medical bill as soon as possible and also within the time frames set forth below.
 - a. Telephone messages should be returned within one business day from the date of the message.
 - b. All inquiries should be investigated and resolved within 30 days. If an inquiry cannot be fully resolved within 30 days, the patient should be notified by the 30th day of the status of the inquiry and be given a reasonable estimate of the time needed for resolution.
 - c. Collection activities will be suspended if a patient advises collection staff that: a) the patient does not owe all or part of a bill; or b) a third-party payer should pay the bill; or c) the patient needs documentation concerning the bill. Collection activities may resume 30 days after information has been provided to the patient confirming that the debt is valid. All business units must have audit procedures in place to ensure that these requirements are being met. Audit results should be documented on a monthly basis along with any corrective action that was needed
 - d. If a patient asks for an address and/or phone number of an Allina Health business office where the debt originated, the information will be promptly provided.
 4. **Patient Complaints.** The collection agency will maintain a log of all oral and written complaints received by any patient or patient representative. The log will include, but need not be limited to, complaints defined as any communication from a patient or patient's representative in which they express concerns about the conduct during debt collection of an Allina Health employee, the collection agency, or a law firm retained to collect medical debt

for Allina Health. In addition, staff will also be required to log any instances in which the patient or patient's representative indicates that is complaining about price, quality of care, or the reasonableness of payment options. Staff will also be asked to log any instances where the caller specifies that they will be forwarding their concern to Allina Health Senior Management, the Better Business Bureau, or the Attorney General. These complaints will be noted on the patients account with specific note types that can be reported upon. A summary of the complaints will be prepared on an annual basis in conjunction with the annual review of collection activities performed by the CEO and Allina Health's Board of Directors. The collection agency will provide a copy of the log to the Allina Health Law Department at least six times per year.

5. Extraordinary Collection Actions.

- a. Before any debt is referred to litigation, either in conciliation court or district court, the collection agency will verify that:
 - i. There is a reasonable basis to believe that the patient owes the debt;
 - ii. All third-party payers have been properly billed such that any remaining debt is the financial responsibility of the patient; and
 - iii. Where the patient has indicated an inability to pay the full amount of the debt in one payment, the patient has been advised of his or her options pursuant to Section 3(b) of this policy and, if applicable, given a reasonable period of time to submit an application for Allina Health's Partner Care program.
 - iv. The patient has received the plain language summary (PLS) of the Partners Care policy.
- b. The collection agency will certify to the appropriate business office leader that the conditions identified in Section 5(a) of this policy are satisfied. Upon receiving such certification, the business office may authorize litigation to proceed. The collection agency will provide information to establish that the conditions identified in Section 5(a) of this policy are satisfied when requested by the business office leader. The business office will not issue blanket authorizations to proceed with litigation on all accounts referred to a collection agency.
- c. If litigation has been authorized by the appropriate business office, the collection agency may proceed in conciliation court, or refer the debt to

a law firm that has a contract with the Allina Health Law Department to collect debt on behalf of Allina Health.

6. Contracts with Collection Agencies.

- a. Allina Health business units involved in the collection of medical debt will enter into a written contract (or business memorandum) directly with any collection agency. A collection agency retained by Allina Health to collect medical debt is prohibited from sub-contracting with another collection agency without prior consent from Allina Health.
- b. Contracts, or business memoranda, between an Allina Health business office and a collection agency will be reviewed annually by Allina Health's Chief Executive Officer following an audit of the collection agency. In determining whether to issue or renew any contract or business memorandum with a collection agency, the CEO will consider whether the debt collection agency has acted in a manner consistent with this policy and Allina Health's agreement with the Minnesota Attorney General's Office, as well as Allina Health's mission and applicable laws.
- c. Collection agencies will not receive any performance bonus, or other similar payment which is calculated on the basis of the amount or percentage collected from two or more patients.
- d. Contracts, or business memoranda with a collection agency will contain the following requirements:
 - i. Collection agencies will cooperate with an audit conducted by the Allina Health Audit Section on an annual basis.
 - ii. Collection agencies will follow the practices and procedures contained in this policy.
 - iii. Collection agencies will participate in training on the financial assistance programs available to Allina Health patients.

7. Credit Reporting Prohibited. The collection agency will not report any patient to a credit reporting agency as a result of that patient's failure to pay a medical bill.