

UMMS Credit and Collections

KEY WORDS:

Credit, Collection, Bad Debt

OBJECTIVE/BACKGROUND:

The purpose of this policy is to provide guidance for patient financial services team members for the handling of credits and collections in compliance with federal and state regulations.

This policy document will outline expectations for collection at time of service, applying adjustments, self-pay early out collections, self-pay bad debt collections, insurance collections, extraordinary collection efforts, and the use of third party agencies in the collection process.

APPLICABILITY:

This policy applies to all team members, vendors, and agents [volunteers, medical team members] of any of the following University of Maryland Medical System member organizations:

University of Maryland Medical Center (UMMC)
UM Midtown Campus (MTC)
UM Rehabilitation & Orthopaedic Institute (UMROI)
UM St. Joseph Medical Center (UMSJMC)
UM Baltimore Washington Medical Center (UMBWMC)
UM Shore Regional Health (UMSRH)

UM Shore Medical Center at Dorchester (UMSMCD)
UM Shore Medical Center at Easton (UMSME)
UM Charles Regional Medical Center (UMCRM)
UM Upper Chesapeake Health (UCHS)
UM Capital Region Health (UMCRH)
UM Physician Networks (UMPN)

DEFINITIONS:

Guarantor	The person responsible for the statement. This is usually the patient, unless the patient is a minor.
Self-Pay Early Out Collections	Initial collection cycle for patient responsibility of the statement; lasting approximately 120 days.
Self-Pay Bad Debt Collections	Collection cycle for patient responsibility of the statement once the balance reaches Bad Debt status.

Extraordinary Collection Actions	Actions taken by a provider group or hospital against an individual related to obtaining payment of a statement, for medical services covered under UMMS Financial Assistance Policy.
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POLICY:

It is the policy of the University of Maryland Medical System (UMMS) to comply with all Federal, State, and Local laws and third party regulations related to credit and collection activities; and to perform all credit and collection activities in a dignified and respectful manner. UMMS will not require payment of medical debt prior to providing medically necessary care.

- Emergency services will be provided to all patients regardless of ability of pay.
- Scheduled services may require appropriate financial arrangements and deposits for estimated charges may be required.

For patients with third party coverage, UMMS will bill and collect payments from all appropriate third party payers provided that the benefits are assigned to the provider group or hospital rendering the service. Any resulting patient responsibility will be billed to the patient's guarantor.

- Financial Assistance is available for patients in accordance with the UMMS Financial Assistance Policy.
- Payment Plans are available to all patients in accordance with the Payment Plan Policy.
- UMMS will make reasonable attempts to advise patients of the availability of Financial Assistance and payment plans prior to delegating accounts to a Bad Debt status for collections activity, or engaging in Extraordinary Collection Actions.

PROCEDURE:

UMMS Patient Financial Services team members will follow the procedures outlined below for management of credits and collections. Management will maintain supporting job aides, training manuals, and other procedural documentation that align with this policy.

I. Eligibility, Authorization, and Time of Service Collection

All University of Maryland Medical System (UMMS) member organizations expect payment at time of service. UMMS will attempt to verify insurance coverage and obtain all appropriate authorizations for scheduled services. UMMS will offer financial assistance and calculate income for eligibility for free or reduced-cost medical care at time of service for all patients with any expected patient responsibility. Patients who are unable to pay may request a Financial Assistance application any time prior to service or during the billing and collection process, in accordance with the **Financial Assistance Policy**.

- It is the patient's responsibility to provide accurate information regarding address, employment and health insurance in order to determine eligibility for services and/or Financial Assistance.
- Depending on the insurance coverage, a deposit may be required prior to a scheduled service for the identified patient responsibility.

- Payment for identified co-payments and deductibles will be requested for clinic and ancillary services at the time of service.

II. Collections after Time of Service

UMMS will bill and collect payments from all appropriate third party payers provided that the benefits are assigned to the provider group or hospital rendering the service. Any remaining patient responsibility balance is placed into a Self-Pay Early Out (SPEO) program for collections.

UMMS does not sell receivables, but may engage with a third party agency to perform collection efforts as an extension of the business office. Agents are given account information to facilitate their collection efforts and remote access to the HIS systems to view account information and make necessary updates.

Self-Pay Early Out (SPEO) Collections

Accounts in the Self-Pay Early Out (SPEO) program remain in an active Accounts Receivable (AR) collection status in Epic for a minimum of 120 days. During this time, the guarantor (responsible party) will receive up to four patient statements, sent approximately every thirty days, and may receive additional telephonic or electronic communication related to the patient responsibility balance. Payment in full is expected for non-covered services rendered within thirty days of receipt of the first statement.

In a good faith attempt to advise patients of the availability of financial assistance, all patient statements will include a statement about the availability of financial assistance. In addition, all patient hospital statements will include the Patient Billing and Financial Assistance Information Sheet, which contains information about the availability of financial assistance and payment plans. Patients may apply for Financial Assistance or request a payment plan during the SPEO collection cycle.

If patients have questions about their statement, their patient responsibility, the availability of Financial Assistance, or the availability of payment plans, they may call the provider group or hospital's customer service team or the assigned third party agency at the corresponding phone number provided on the statements.

Self-Pay Bad Debt (SPBD) Collections

At the conclusion of the SPEO collection process, accounts with patient responsibility are eligible for transfer to Bad Debt status in Epic and the Self-Pay Bad Debt (SPBD) collections process.

For hospital balances, UMMS will first make a good faith attempt (prior to initiating SPBD collection efforts) to evaluate the patient for financial assistance by completing a presumptive eligibility screening, and will advise the patient of the availability of financial assistance and payment plans through written notification on the Patient Billing and Financial Assistance information sheet. If the patient requested reconsideration of a denial of Financial Assistance or if UMMS is notified that an appeal or review of a health insurance decision is pending in the immediately preceding sixty days, UMMS will not delegate the account for SPBD collections while the reconsiderations are pending. UMPN provider groups will offer financial assistance on a physician balance based on a determination of eligibility on a hospital balance.

During the SPBD collections cycle, the guarantor may receive letters, telephonic communication, or electronic communication from a third party agency in an attempt to collect the debt. Patients may still apply for Financial Assistance or request a payment plan during the SPBD collection cycle. UMMS does not charge interest or fees on any debt incurred on or after the date of service.

III. Payments

UMMS accept cash, check, American Express, Visa, MasterCard, and Discover for payment. Payment options may vary by location. Patients may make payments in person, via mail using the coupon attached to the patient statement, online via MyChart, or via third party agencies.

IV. Financial Assistance and Payment Plan Options

Patients may apply for Financial Assistance or request a payment plan at any time during the Self-Pay Early Out collection cycle or the Self-Pay Bad Debt collection cycle.

- If a patient is unable to pay, they may request a Financial Assistance application. UMMS may request that a patient to apply to Medical Assistance prior to applying for Financial Assistance. UMMS will pause collection actions on the account that is under review for eligibility of Medical Assistance or Financial Assistance.
- If a patient experienced a change in their financial circumstances within 240 days after the initial statement was provided, their eligibility for Financial Assistance may be recalculated. Additional information on Financial Assistance is available in the **UMMS Financial Assistance Policy**.
- If a patient cannot pay in full, a payment plan is offered. The patient and UMMS will mutually agree to the terms of the payment plan, and additional information is available in the **UMMS Payment Plan Policy**.

V. Extraordinary Collection Actions (ECAs)

After exhausting SPBD collection efforts, extraordinary collection actions (ECAs) may be taken on accounts that have not been disputed, are not on a payment plan, and are not eligible for free or reduced cost care. UMMS may engage the services of third party agencies or attorneys to execute ECAs. Additional information on ECAs, exceptions, and Federal, State, and Local criteria for the administration of ECAs can be found in the **UMMS Financial Assistance Policy**.

Prior to initiating any ECAs, UMMS will make reasonable efforts to orally communicate the availability of financial assistance to the patient and tell the patient how to obtain assistance with the application process, including:

- Providing information on the availability of Financial Assistance and payment plans with all billing communications
- Completing a presumptive Financial Assistance eligibility review to determine if the patient was eligible for free or reduced-cost care at the time of service.
- Sending written notice to the patient at least 45 days prior to initiating any ECAs, including the Patient Billing and Financial Assistant Information Sheet.

UMMS reserves the right to engage in the following ECAs, in accordance with Federal, State, and Local law:

- Reporting adverse information about the individual to consumer credit reporting agencies or credit bureaus.
- Commencing a civil action against the individual.
- Attaching or seizing an individual's bank account or any other personal property.
- Garnishing an individual's wage.

VI. Use of Third Party Agencies for Collection Activities

UMMS does not sell debt, but reserves the right to engage with third party agencies and/or attorneys for the purposes of collecting a debt. Agencies and/or attorneys are jointly and severally responsible with UMMS for meeting requirements of Federal and State law. The agency is required to adhere to UMMS Credit and Collection Policy, Financial Assistance Policy, and Payment Plan Policy.

UMMS will specify the collection activity to be performed by the agency through an explicit authorization or contract and the procedures the agency must follow if a patient appears to qualify for financial assistance.

The agency must provide a mechanism for a patient to file a complaint with UMMS against the provider group, hospital, or agency regarding the handling of the patient statement. The agency must forward the complaint to UMMS if a patient files a complaint with the agency.

VII. Maryland Summary Bill for Hospital Charges

Maryland Summary Bill is an itemized list of hospital account charges, provided to patients for informational purposes. It is required by law to be sent to any patient who received inpatient services within thirty days of the account's discharge date. Changes to the hospital account, such as the addition of late charges or updates to third party coverage, may result in the delayed release of the Maryland Summary Bill.

VIII. Insurance Liability and Bad Debt Status

As of April 1, 2021, UMMS no longer transfers professional or hospital accounts to a Bad Debt status in Epic if a third party payer (insurance) is the responsible party. Please see Appendix B for information on Insurance Bad Debt practices prior to April 1, 2021.

RELATED POLICIES:

[UMMS Financial Assistance Policy](#)

[UMMS Payment Plan Policy](#)

REFERENCES:

[Centers for Medicare and Medicaid Services Provider Reimbursement Manual – Part 1, PRM-1, Section 310](#)

[IRS Billing and Collections – Section 501 \(r \) \(6 \)](#)

POLICY OWNER:

[UMMS Revenue Cycle Services](#)

APPENDICES:

APPENDIX A: ADJUSTMENTS

Adjustments are posted to accounts in accordance with the approval and escalation thresholds below. Since average account balances vary, unique thresholds are applied to PB and HB.

Tier	PB Threshold	HB Threshold
Level 1 Approval	Supervisor/Team Lead can approve: Credits >= (\$250.00) Balances <= \$250.00	No Approval Required: Credits: >= (\$499.99) Balances: <= \$499.99
Level 2 Approval	Manager can approve: Credits: (\$1,500.00) to (\$250.01) Balances: \$250.01 to \$1,500.00	Manager can approve: Credits: (\$24,999.99) to (\$500.00) Balances: \$500.00 to \$24,999.99
Level 3 Approval	Director or Sr. Director can approve: Credits: (\$25,000.00) to (\$1,500.01) Balances: \$1,500.01 to \$25,000.00	Sr. Manager or Director can approve: Credits: (\$99,999.99) to (\$25,000.00) Balances: \$25,000.00 to \$99,999.99
Level 4 Approval	Sr. Director or Sr. Vice President can approve: Credits: <= (\$25,000.01) Balances: >= \$25,000.01	Sr. Director or Sr. Vice President can approve: Credits: <= (\$100,000.00) Balances: >= \$100,000.00

Small Balance Adjustments

Accounts with small balances will be adjusted off to the small balance adjustment code and no further collection activity will be pursued. As of April 1, 2021, UMMS recognizes the following scenarios as a "small balance":

- A hospital account with a balance between (\$9.99) and \$9.99 (this applies to accounts with a date of service April 1, 2021 and later).
- A professional account with a balance between (\$4.99) and \$4.99.

For hospital accounts with dates of services prior to April 1, 2021, a small balance was defined as a balance (\$9.99) and \$24.99 for regulated services and (\$9.99) and \$9.99 for unregulated services.

Medicare Bad Debts

During the review/audit of Medicare bad debts, UMMS will ensure that amounts claimed (excluding amounts claimed for indigent patients) do not include the small debit balances that were adjusted off in accordance with this policy, unless appropriate collection efforts were attempted. Appropriate collection efforts include the following:

- Medicare deductible and coinsurance amounts are allowable as bad debts only if UMMS exerts a reasonable effort to collect them. If the provider did not bill the Medicare patient for the deductible and/or coinsurance, the entire Medicare bad debt amount will be disallowed, regardless of the amount.
- A small debt balance remaining on a larger Medicare deductible and coinsurance (such as \$9.00 remaining unpaid on a \$2,000.00 inpatient coinsurance) written off before a reasonable collection effort last at least 120 days from the date the first bill was completed will be disallowed.

APPENDIX B: BAD DEBT PROCESS FOR INSURANCE LIABILITY

As of April 1, 2021, UMMS no longer transfers professional or hospital accounts to a Bad Debt status in Epic if the responsible party is a third party payer (insurance). Exceptions may include (but are not limited to):

- Medical Assistance Eligibility pending accounts will follow the self-pay collections guidelines and may be transferred to bad debt status.
- Extraordinary circumstances, such as the bankruptcy of the insurance provider, may result in the account being transferred to bad debt status.

Patient Financial Services leadership will review these accounts and make decisions on a case by case basis.

Prior to April 1, 2021, UMMS applied the following criteria to hospital accounts with insurance liability for the transfer to bad debt:

- Account Balance greater than or equal to \$25 and less than \$100,000 for EPIC facilities. EPIC Automation is set for balances less than \$50,000.
- In addition to manually selected accounts, the accounts with balances greater than \$100,000 for the facilities from the batch file produced monthly are reviewed by senior management prior to Bad Debt status with the exception of accounts that are in self pay early out outsource status, which includes Medicaid Pending.
- Date of Service greater than 90 days with the exception of Out of State MA which is Date of Service greater than 30 days.
- Financial Class is one of the following: Selfpay, Blue Cross, Commercial, Medicare HMO, MCO, Military, HMO, Prisons, Worker's Comp, Other Contracts, and Grants
- Special Bad Debt Projects may also include Financial Class: MA Pending, MA, Medicare
- Patient Portion is also sent to Bad Debt for Financial Class: Blue Cross, Commercial/HMO, Medicare, Medicare HMO, and Military

For all facilities, the accounts automatically move to Bad Debt when selected. Accounts are pursued for collections until the account is deemed uncollectible. Pursuit of collections may include outsourcing to outside collection agencies and/or the Hospital's attorney for legal pursuit. If an account was previously placed with an early out agency, it will remain with that agency.

APPENDIX C: BIENNIAL REVIEW AND REAUTHORIZATION

October 2024: No changes to policy

