

North Kansas City Hospital

Title:	Billing and Collections Policy
Purpose:	To outline the actions that North Kansas City Hospital and its contracted vendors may take to obtain payment of a bill for medical care.
Audience:	All North Kansas City Hospital Employees and North Kansas City Hospital's contracted revenue cycle vendors.

Policy

North Kansas City Hospital ("NKCH") and its contracted revenue cycle vendors will follow the billing and collections standards described in this policy, including the process and timeframes for collections activities detailed in this policy. NKCH will not engage in any Extraordinary Collections Actions, as defined herein, against an individual to obtain payment for care before NKCH has made reasonable efforts to determine whether the individual is eligible for financial assistance under NKCH's Financial Assistance Policy ("FAP"). This policy is intended to comply with Section 501(r) of the Internal Revenue Code and regulations promulgated thereunder and shall be interpreted and applied in accordance with such regulations.

Procedure

1. Regular Actions to Obtain Payment. With respect to all patient accounts, NKCH will take the following actions related to obtaining payment of a bill for medical care:
 - a. Statements. NKCH or its contracted revenue cycle vendor will mail four statements to the patient/guarantor's mailing address over the course of 120 days following the date of the patient's first post-discharge statement, with one statement being mailed approximately every 30 days. Each statement will include a conspicuous notice to inform the individual about NKCH's FAP. The fourth statement will indicate that it is a final bill and will contain a statement that the patient's account may be referred for collections if the patient does not make payment or arrange a payment plan. The patient/guarantor has 120 days following the date of the patient's first post-discharge statement to pay the balance in full, arrange a payment plan, or apply for financial assistance under NKCH's FAP before the account may be referred for collections.
 - b. Care Payments. Accounts on which NKCH has received no payments after 30 days from the first statement date will be referred to NKCH's contracted vendor – Care Payments – to attempt to facilitate a payment plan with the patient. Care Payments will generate and send the next three statements, which will be co-branded with NKCH. If a patient/guarantor enrolls in Care Payments, a payment will be due every 30 days or the account will be referred for collections after 45 days of non-payment.

- c. Payment Plans. If a patient prefers not to enroll in Care Payments, NKCH also may permit partial payment arrangements as mutually agreed between NKCH and the patient. Payment arrangements must be reasonable under the circumstances and must be approved by an authorized member of the Patient Financial Services Department. An agreement to a payment arrangement will prevent an account from being referred for collections provided that the patient continues to fulfil the patient's obligations under the partial payment arrangement. A payment will be due every 30 days or the account will be referred for collections after 45 days of non-payment.

2. Referrals for Collections

- a. Definition. When an account is referred for collections, this means that the account is sent to a contracted, outside collections vendor to assist to collect amounts owed to NKCH; however, NKCH will continue to own the individual's debt. NKCH does not sell patient account debt to any other party. NKCH's collections vendor will make phone calls and send letters and otherwise attempt to engage a patient/guarantor to initiate payment. If a patient account is referred for collections, it will be considered bad debt and will be written off from NKCH's books and records of accounts receivable and otherwise will be subject to NKCH's policies and procedures regarding bad debt.
- b. Timeframe. An account may be referred for collections if at least 4 statements have been sent and at least 120 days have passed since the date of the patient's first post-discharge statement and no payments have been received. Prior to referring an account for collections, NKCH will send a final warning to the patient/guarantor in the form of a fifth statement that will contain a statement that the patient's account will be referred for collections if the patient does not call or make contact with NKCH within 14 days of the statement date. Prior to referring an account for collections, NKCH also will assess each account for presumptive financial assistance eligibility as described in NKCH's FAP. An account also may be referred for collections if 2 statements have been sent to the patient/guarantor and both have been returned as undeliverable and if reasonable efforts to locate a new address or telephone number to contact the patient/guarantor have been made.
- c. Ongoing Presumptive Eligibility Determinations. Accounts that have been referred for collections will be assessed for presumptive financial assistance eligibility as described in NKCH's FAP on an ongoing basis periodically throughout the year, but at least quarterly; accounts that are found to qualify for full financial assistance under the presumptive eligibility process will be recalled by NKCH and the patient will receive full financial assistance. When an account is recalled and full financial assistance provided, NKCH also will instruct its collections vendors to take steps to file a satisfaction of judgment and to terminate garnishments if such actions have been taken as permitted by this policy.

3. Extraordinary Collections Actions.

- a. Definition. Extraordinary Collections Actions (“ECAs”) in which NKCH and/or its contracted collections vendors may engage with respect to an individual to obtain payment for care are:
 - i. Reporting adverse information about the individual to consumer credit reporting agencies or credit bureaus; and
 - ii. Actions that require a legal or judicial process, including: 1) placing a lien on an individual’s property (except as permitted by the Missouri Lien Law as to personal injury proceeds); 2) attaching an individual’s bank account; 3) commencing a civil action against an individual; and 4) garnishing an individual’s wages. A patient must owe at least \$350 (multiple outstanding accounts may be aggregated to meet this \$350 threshold) in order for NKCH to initiate actions that require a legal or judicial process. If a contracted collections vendor recommends initiating a legal or judicial process, the vendor will send a written request to initiate the process. All actions that require a legal or judicial process must be approved by NKCH’s Director of Patient Financial Services in writing. All actions that require a legal or judicial process may be suspended or not pursued in the discretion of the Vice President, Revenue Cycle, in extenuating circumstances such as in a public health emergency.

- b. Reasonable Efforts to Determine Eligibility for Financial Assistance. NKCH will make the following reasonable efforts based on notification to patients/guarantors and its FAP application process to determine whether an individual is FAP-eligible prior to initiating any ECAs with respect to the individual in order to obtain payment for care:
 - i. NKCH and its contracted collections vendors will not initiate any ECAs until at least 120 days from the date of the patient’s first post-discharge statement. If NKCH aggregates outstanding bills for multiple episodes of care, NKCH will not initiate any ECAs until at least 120 days from the date of the first post-discharge statement for the most recent episode of care included in the aggregation.
 - ii. NKCH and/or its contracted collections vendors will take the following actions to notify patients/guarantors at least 30 days before first initiating one or more ECAs:
 - 1. NKCH and/or its contracted collections vendors will provide a written notice that indicates financial assistance is available for eligible individuals, identifies the ECAs that NKCH or its contracted collections vendor intends to initiate, and states a deadline after which such ECAs may be initiated that is no earlier than 30 days after the date that the written notice is provided. NKCH also will include with this written notice a copy of the plain language summary of its FAP. If the ECA to be

initiated is a collections lawsuit, NKCH will send the written notice via Federal Express or other express delivery.

2. NKCH and/or its contracted collections vendors will make a reasonable effort to orally notify the patient/guarantor about NKCH's FAP and about how the individual may obtain assistance with the FAP application process. This oral notice will include information about how to obtain a FAP application and a phone number to call for assistance in completing the application.
- c. Incomplete FAP applications. If NKCH receives an incomplete FAP application at any time within 240 days after the date of the first post-discharge billing statement (or, if longer, until the date that is the deadline specified in a written notice provided to an individual with regard to whom NKCH intends to initiate ECAs), NKCH will take the following actions to notify the individual about how to complete a FAP application and will give the individual a reasonable opportunity to do so:
- i. NKCH will suspend ECAs to obtain payment for the care and will not initiate or take further action on any previously initiated ECAs until NKCH has determined whether the individual is FAP-eligible based on a completed FAP application or until the individual has failed to respond to requests for additional information and/or documentation within a reasonable period of time given to respond to such requests.
 - ii. NKCH will provide written notice that describes the additional information and/or documentation required under NKCH's FAP application process that must be submitted and the reasonable deadline to submit it in order to complete the FAP application. The notice will include the contact information for NKCH's Patient Financial Services Department that can provide information about NKCH's FAP and assistance with the FAP application process.
- d. Complete FAP applications. If NKCH receives a complete FAP application at any time within 240 days after the date of the first post-discharge billing statement (or, if longer, until the date that is the deadline specified in a written notice provided to an individual with regard to whom NKCH intends to initiate ECAs), NKCH will take the following actions:
- i. NKCH will suspend ECAs to obtain payment for the care and will not initiate or take further action on any previously initiated ECAs until NKCH has determined whether the individual is FAP-eligible.
 - ii. NKCH will make a determination as to whether the individual is FAP-eligible for the care in accordance with its FAP application process and notify the individual in writing of the eligibility determination and the basis for this determination. If applicable, NKCH may postpone eligibility determinations while an individual's Medicaid application is completed and submitted and a determination as to the individual's Medicaid eligibility has been made.

- iii. If NKCH determines that the individual is FAP-eligible for the care, NKCH will do the following:
 - 1. If the individual is determined to be eligible for assistance other than free care, provide the individual with a statement that indicates the amount the individual owes, how that amount was determined, and states the amounts generally billed for the care.
 - 2. Refund to the individual any amount the individual has paid that exceeds the amount the individual is determined to be personally responsible for paying as a FAP-eligible individual (unless the amount is less than \$5 or such other amount as published in IRS guidance).
 - 3. Take all reasonably available measures to reverse any ECA taken to obtain payment care. Such measures include, for example, measures to vacate judgments or file satisfaction of judgments, terminate garnishments, release liens, and remove adverse information from an individual's credit report. If the FAP-eligible individual owes any amount for care, NKCH's regular actions to obtain payment will apply and the billing and collections cycle described in this policy will re-start.

- 4. FAP-Eligibility Determinations. NKCH's Vice President, Revenue Cycle, will have the final authority and responsibility for determining that NKCH has made reasonable efforts to determine whether an individual is FAP-eligible and may therefore engage in ECAs against the individual.