

Policy and Procedure FI85

Subject:

Collections Policy

Effective Date:

January 1, 2016

Applies to:

Houston Methodist Hospitals
Houston Methodist Physician Organization

Date Revised/Reviewed:

January 1, 2020

Originating Area:

Revenue Cycle Council

Target Review Date:

January 1, 2023

I. POLICY

It is the policy of Houston Methodist (HM) to ensure that amounts owed by patients for medical care (debts) delivered by Houston Methodist are collected in a professional, courteous and timely manner. Payment for such debts will be pursued according to uniform criteria and procedures to all HM patients who have not qualified for a 100% financial assistance discount. This policy establishes the actions that will be taken in the event of nonpayment of debt, including actions taken by third party collection agencies. At no time will HM impose extraordinary collections actions such as wage garnishments, personal liens on primary residences, credit bureau notification or other legal actions. The guiding principles behind this policy are to treat all patients equally with dignity and respect and to ensure appropriate billing and collection procedures are transparent and uniformly followed.

II. DEFINITIONS

- **Patient Financial Liability:** Amounts not covered by applicable insurance or third-party assistance, including amounts owed by uninsured, insured, and underinsured patients.
- **Uninsured:** A patient with no insurance or third-party assistance.
- **Underinsured:** A patient with some insurance or third-party assistance who will receive non-covered services or who has out of pocket expenses that exceed his/her financial abilities.
- **Insured:** A patient with insurance or third-party assistance and may have to pay a portion of their care in the form of deductibles, co-insurance, and co-payments.
- **Financial Assistance:** Healthcare services provided by HM hospitals without charge or at a discount to patients approved for Financial Assistance.

- **Bad Debt:** Patient financial liability due from the patient that are not collected within 120 days of first billing notification.
- **Third Party Collections Agency:** An outside agency, collecting bad debt accounts under their company's name on behalf of Houston Methodist.

III. PROCEDURES

A. The following are billing procedures:

1. HM may request payment for any known patient financial liability for medical care prior to or at the time care is provided (other than for emergency care). With respect to emergency care, HM may request payment for any known payment financial liability after care is provided.
2. If a patient has not paid HM at the time the medical care is provided, HM will bill the patient for their patient financial liability immediately after the care is provided to an uninsured patient. For insured and underinsured patients, HM will bill the patient financial liability after their insurance(s) has paid.
3. HM will not deny, defer or require payment before providing medically necessary care because of nonpayment of previous bills.
4. If a patient qualifies for Financial Assistance, HM will discount the patient financial liability, see Financial Assistance Discount Policy, FI49.
5. If a patient is presumptively evaluated as eligible for financial assistance and was determined eligible for less than the most generous discount, the patient can complete the Financial Assistance Application at any time in the collections process to be reevaluated for the most generous discount.
6. HM will bill the patient financial liability using its normal billing process which includes a minimum of three attempts over a period of at least 120 days.
7. HM will provide a copy of the plain language summary of Houston Methodist's Financial Assistance Policy upon request, see policy availability contact information in section C below.

B. The following are collection procedures:

1. During the first 120 days after the patient's first billing notification, HM will not refer the account to a third-party collection agency.
2. For patients who are not able to pay their balance in full, HM offers extended payment options up to 36 months with no interest or penalty, see Extended Payment Option Policy, FI86.
3. If no positive patient response is received after 120 days from the first billing notification or no active monthly payment plan is made, HM will characterize the unpaid patient financial liability as bad debt. HM will engage approved

third-party collection agencies to perform additional collection efforts on accounts deemed bad debt.

4. Notwithstanding bad debt classification or referral of bad debt accounts to a third-party collection agency, a patient may apply for Financial Assistance at any time.
5. HM shall enter into a written contract with approved third-party collections agencies to which it refers bad debt accounts. The contract obligates the third-party collection agency to comply with HM policies regarding the collection of bad debt, and to observe the same procedures with respect to providing Financial Assistance and extended payment options.
6. The third-party collections agency will pursue the collection of bad debt through phone calls, emails, collection letters and other acceptable methods approved by HM and in compliance with applicable law.
7. All third-party collections agencies are prohibited from engaging in extraordinary collection events (i.e., reporting to the credit bureau, issuing judgments or liens against personal or real property, garnishment of wages).

C. Policy availability:

1. Web Site – HM shall make this policy available through its website HoustonMethodist.org/Billing. The website shall also include a prominent link that allows readers to download a PDF file of this policy, free of charge.
2. Paper Copy – HM shall make paper copies of this policy available upon request free of charge, both by mail and email, in Patient Registration areas, Centralized Billing Office, and Emergency Departments.
3. English and Other Languages – HM shall make this policy available in English and in various primary language of the many populations it serves.
4. Contact Information –
Houston Methodist
Centralized Business Office
Attn: Self Pay Unit
701 S. Fry Road
Katy, TX 77450
Phone: 832-667-5900 (local) or 877-493-3228 (toll free)

IV. **COUNCILS OR COMMITTEES REVIEWING OR APPROVING PROCEDURE:**

Revenue Cycle Council
CFO Council
Houston Methodist Board of Directors

V. AUTHORITATIVE REFERENCES:

1. Patient Protection and Affordable Care Act of 2010;
2. Internal Revenue Code Section 501r;
3. [System FI49 Financial Assistance Discounts](#) Policy
4. [System FI86 Extended Payment Option](#) Policy

VI. NAME OF APPROVING EXECUTIVE: Marc L. Boom, M.D.
Title: President and Chief Executive Officer

Authorized by Chief Administrative Officer:

(Signed Original on File)

M. Boom
President
Chief Executive Officer
Houston Methodist

Date