

## Houston Methodist Policy and Procedure FI85

**Subject:**  
Collections Policy

**Effective Date:**  
January 1, 2016

**Applies to:**  
Hospitals and PO

**Date Revised/Reviewed**  
January 1, 2016

**Originating Area:**  
Revenue Cycle Council

**Target Review Date:**  
January 1, 2019

### I. POLICY

It is the policy of Houston Methodist 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 Houston Methodist 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 Houston Methodist 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

- A. Self Pay - Patients that are uninsured and are fully responsible for payment, this amount is defined as Self Pay.
- B. Balance after Insurance - Patients that are insured and have a portion of the balance that they must pay (e.g., deductible, co-insurance, co-payment), this amount is defined as balance after insurance.
- C. Patient Responsibility – Any amounts that are to be paid by the patient, including both Self Pay and Balance after Insurance amounts.
- D. Financial Assistance - Discounts available to patients who are uninsured, underinsured, ineligible for any government health care benefit program, and who are unable to pay for their care based upon a determination of financial need and means testing.
- E. Bad Debt – Amounts due from patient that are not collected within 120 days of first billing statement.
- F. Third Party Collections Agency – An outside agency, collecting bad debt accounts under their company's name on behalf of Houston Methodist.

### III. BILLING PROCEDURES

- A. Houston Methodist may request payment for any known patient responsibility for medical care prior to or at the time care is provided (other than for emergency care). With respect to emergency care, Houston Methodist may request payment for any known payment responsibility after care is provided.
- B. If a patient has not paid Houston Methodist at the time the medical care is provided, Houston Methodist will bill the patient for their patient responsibility immediately after the care is provided to a Self Pay patient, and for insured patients, will bill the patient for their balance after their insurance(s) has paid.
- C. Houston Methodist will not deny, defer or require payment before providing medically necessary care because of nonpayment of previous bills.
- D. If a patient qualifies for Financial Assistance, Houston Methodist will discount the patient's Self Pay amount or will discount the Balance after Insurance amount after the insurance(s) have paid. (See Financial Assistance Discount Policy.)
- E. 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.
- F. Houston Methodist will bill patients any outstanding Self Pay amounts and/or Balance after Insurance amounts using its normal billing process which includes a minimum of four statements over a period of at least 120 days.
- G. Houston Methodist will include a copy of the plain language summary of Houston Methodist's Financial Assistance Policy with the first billing statement.

### IV. COLLECTION PROCEDURES

- A. During the first 120 days after the patient's first billing statement is issued, Houston Methodist will not refer the account to a third party collection agency.
- B. For patients who are not able to pay their balance in full, Houston Methodist offers extended payment options up to 18 months with no interest or penalty. (See Extended Payment Option Policy-FI86).
- C. If no positive patient response is received after 120 days from the first billing statement, Houston Methodist will characterize the unpaid balance as Bad Debt. Houston Methodist will engage approved third party collection agencies to perform additional collection efforts on accounts deemed Bad Debt.
- D. 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.
- E. Houston Methodist shall enter into a written contract with approved third party collections agencies to which it refers Bad Debt. The contract obligates the third party collection agency to comply with Houston Methodist policies regarding the collection of Bad Debt, and to observe the same procedures with respect to providing Financial Assistance and extended payment options.

- F. The third party collections agency will pursue the collection of Bad Debt through phone calls, emails, collection letters and other acceptable methods approved by Houston Methodist and in compliance with applicable law.
- G. 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).

V. POLICY AVAILABILITY

- A. Web Site – Houston Methodist shall make this policy available through its website [HoustonMethodist.org/Billing](http://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.
- B. Paper Copy – Houston Methodist 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.
- C. English and Other Languages – Houston Methodist shall make this policy available in English and in various primary language of the many populations it serves.
- D. 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)

VI. AUTHORITATIVE REFERENCES

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

Recommended by Revenue Cycle Council  
 Approved by CFO Council  
 Approved by Houston Methodist Board of Directors

Authorized by Chief Administrative Officer:

(Signed Original on File)

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 M. Boom  
 President  
 Chief Executive Officer  
 Houston Methodist

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 Date