PURPOSE:

To establish procedures regarding collection of patient accounts including external collection agencies and potential legal actions balancing the need for financial stewardship with needs of individual patients who are unable to pay.

SCOPE:

This policy is applicable to patients receiving Eligible Health Care Services at Vanderbilt University Medical Center (VUMC) including the following VUMC Divisions:

- Vanderbilt University Hospital (VUH)
- Monroe Carell Junior Children’s Hospital at Vanderbilt (MCJCH)
- Vanderbilt Psychiatric Hospital (VPH)
- Vanderbilt Health Services Entities (VHS):
  - Vanderbilt Home Care Services LLC
  - Cool Springs Surgery Center, LLC
  - New Light Imaging, LLC
    - Vanderbilt Imaging Services, LLC
    - Cool Springs Imaging, LLC
    - Belle Meade Imaging, LLC
    - One Hundred Oaks Imaging, LLC
    - Spring Hill Imaging, LLC
- Vanderbilt Integrated Providers (VIP)
  - VIP Mid-South, LLC
  - Hopkinsville Pediatric Association (HPA)
- Vanderbilt Maury Radiation Oncology, LLC
- Vanderbilt Health and Williamson Medical Center Clinics and Services, LLC
- Gateway Vanderbilt Cancer Treatment Center, GP
- School of Medicine Physicians practicing as the Vanderbilt Medical Group (VMG)
- School of Nursing (SON) Clinical Practitioners

DEFINITIONS:

Application Process: A process by which a patient or their appropriate representative completes a paper or an electronic form that provides VUMC with information on the patient’s income, family size and assets. All applications will be evaluated on a case-by-case basis by appropriate VUMC representatives taking into consideration medical condition, employment status, and potential future earnings.
Agent: Third party or collection agency or external legal counsel hired to support VUMC in collection processes.
Bad Debt: Uncollected patient financial liabilities that have not been resolved at the end of the patient billing cycle and for which there is no documented inability to pay.

Balance: The outstanding patient financial responsibility that is due to the facility/provider as a result of receiving health services; amount includes deductibles, co-payments, co-insurance, and non-covered services.

Financial Assistance or Financial Assistance Discounts: Discounts or elimination of payment for health care services provided to eligible patients with documented and verified financial need. Financial Assistance Discounts provided under this policy include:

- Financial Assistance: Financial help with medical bills based on income standards
- Catastrophic Financial Assistance: Discount provided to patients when VUMC unreimbursed eligible medical expenses incurred in a one year period exceed their annual household income

Co-Pay: A fixed amount the health insurance plan requires an insured patient to pay when a medical service is received; separate copayment may be required for different services.

Co-Insurance: An amount the insured patient is required to pay; payment is usually in the form of a stated percentage of medical expenses after a deductible amount is paid.

- Once any deductible amount and co-insurance is paid, the insurer is responsible for the rest of the reimbursement for covered benefits up to allowed charges; however, individuals could also be responsible for charges in excess of what the insurer determines to be its “usual, customary, and reasonable” reimbursement.
- Co-insurance rates may differ depending on the type of service.

Current Balance: Any patient balance that is accrued within 30 calendar days of patient discharge/service date.

Deposits: A fixed amount (deposit) patients who are uninsured or their insurance is not verifiable at the time of services are required to pay for current and future services.

Deductible: Fixed dollar amount (usually within a calendar year) the insured patient is required to pay before the insurer will cover medical expenses/services; plans may have both individual and family deductibles.

Eligible Past Due Balance: Any unpaid patient balance 30 calendar days following patient discharge/service date.

Emergency Medical Treatment and Active Labor Act (EMTALA): U.S. Act of Congress that requires hospitals to provide care to anyone needing emergency healthcare treatment regardless of citizenship, legal status or ability to pay; Participating hospitals may only transfer or discharge patients needing emergency treatment under their own informed consent, after stabilization, or when their condition requires transfer to a hospital better equipped to administer the treatment.

Estimated Patient Liability: The estimated patient financial responsibility that is due to VUMC for professional and technical charges for health care services the patient received. This amount is determined in compliance with the patient’s insurance benefits for the specific scheduled service and includes deductibles, co-payments, co-insurance, and non-covered services.

Extraordinary Collections Actions: Actions which require a legal or judicial process, involve selling a debt to another party or reporting adverse information to credit agencies or bureaus. VUMC will check charity eligibility prior to taking any extraordinary collection action. Written notice must be provided at least 30 days in advance of initiating specific ECAs and meet informational requirements. As defined under IRS Codes Section 501(r), such actions that require legal or judicial process include:
**Policy Description:** Patient Collection Policy

**Applicability:** VUMC Finance, VUMC Revenue Cycle

**Approved By:** Finance and Revenue Cycle Policy Committee

<table>
<thead>
<tr>
<th>Policy Number</th>
<th>RC 2.0</th>
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<tbody>
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<td>01/01/2015</td>
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<td>Approval Date</td>
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</table>

- Certain liens
- Foreclosure on real property
- Attachment or seizure of a bank account or other personal property
- Commencement of a civil action against an individual
- Actions that cause an individual’s arrest
- Actions that cause an individual to be subject to body attachment
- Wage garnishment

**Guarantor:** Person or entity legally responsible for payment. The guarantor typically is the patient or the parents/guardians of the patient.

**Financial Counseling:** Information and assistance provided to patients regarding their out-of-pocket liability including those patients without sufficient insurance coverage, or who are unable to pay their estimated/actual liability prior to the treatment, or who have large past due balances.

**Financial Counselor:** VUMC representatives responsible for assessing a patient’s liability, identifying and assisting with public funding options (Medicare, Medicaid, etc.), determining if patient is eligible for financial assistance, and establishing payment plans.

**Financial Sponsorship:** Alternative payment options for medical services provided by external organizations and VUMC.

**Patient Communication:** Any form of inquiry or comment received from the patient or patient’s representative via phone calls, face to face interactions, written correspondences, electronic mail and My Health at Vanderbilt portal.

**Patient:** For the purpose of this policy, the person requesting or receiving information on behalf of the patient related to the bill.

**Patient Billing Customer Service Staff or Customer Service Representative (CSR):** All VUMC billing staff in communication with a patient or patient representative related to billing.

**Payment Plan:** A system by which payment for health services is made in installments over a fixed period of time.

**Private Pay:** Patient identified as having no insurance coverage or opting out of their insurance coverage for specific services/events.

**Screening Process:** Electronic process to determine if a patient qualifies for Financial Assistance that does not involve completing a financial assistance application. Typically, this is an electronic process, but may be determined by interview in the VUMC retail pharmacies.

**Support Staff:** On-site VUMC (including the 100 Oaks campus) or VMG or Walk-In Clinic team members supporting the CSR.

**Underinsured:** Insured patients who receive Eligible Health Care Services that are determined to be non-covered services or have limited benefit coverage by the insurance provider.

**Uninsured Discount:** A discount on charges for medical services for patients identified as having no insurance coverage. The Uninsured Discount, as documented in the VUMC Discount Policy, is determined based upon the look-back method by determining the average discount provided by VUMC hospitals to Medicare and all other private insurers.

**Vanderbilt University Medical Center (VUMC):** Vanderbilt University Hospital, Monroe Carell Jr. Children’s Hospital at Vanderbilt, Vanderbilt Psychiatric Hospital, Vanderbilt Medical Group, or other similar health care entity wholly-owned or majority-owned by Vanderbilt University Medical Center.
POLICY:

VUMC pursues collection from patients who have the ability to pay. Collection procedures will be applied consistently and fairly for all patients regardless of insurance status or their ability to pay. All collection procedures will comply with applicable state and federal laws and regulations and internal VUMC policies. For those patients unable to pay all or a portion of their bill, RC 1.0 – Financial Assistance Policy will be followed.

Collection agencies and external legal counsel may be engaged after all reasonable collection and payment options have been exhausted. Agencies may help resolve accounts for services where patients are uncooperative in making payments, have not made appropriate payment arrangements, or have been unwilling to provide reasonable financial and other data to support any request for Financial Assistance. All collection agency staff will uphold the confidentiality of each patient. All agencies will meet all HIPAA requirements for handling personal health information and will follow VUMC policies regarding patient collection efforts. VUMC does not permit collection agencies to mark patient credit.

Consistent with this policy and the Financial Assistance Policy, VUMC should clearly communicate with patients regarding financial expectations as early in the appointment and billing process as possible. All inpatients will be notified by VUMC of the Financial Assistance Policy prior to discharge.

- Patients are responsible for understanding their insurance coverage and for providing needed documentation to aid in the insurance collection process.
- All patients may be required to pay a pre-service deposit or estimated co-pays/co-insurance and deductibles prior to services (except in emergent situations) or amounts may be collected after services are provided, based on the current business practices.
- Patients are generally responsible for paying balances not paid by their insurance companies.

If the patient has previous Bad Debt or outstanding Balances and does not qualify for financial assistance, VUMC may attempt to collect amounts owed before future appointments are granted. If arrangements cannot be made for resolving the patient’s outstanding Balance, future care may be limited or denied. Pre-service Deposits may be required. This does not include emergency care or continuation of clinical care approved by the patient’s physician.

VUMC will employ reasonable efforts in a fair and consistent manner to collect patient balances while maintaining confidentiality.

- VUMC has a streamlined process for patients to question or dispute bills, including a toll-free phone number patients may call and an address to which they may write. The phone number and address are listed on all patient bills and collection notices sent by VUMC.
• Collection procedures may be delineated based on balance size, aging, past collection experience, and anticipated collectability. Credit scoring or other tools may be used to predict collectability, if proper authorization has been received from the patient.
• Standard Collection tools may include:
  o Letter requesting payment
  o Phone calls requesting payment
  o Letters indicating the account may be placed with a collection agency
  o Request for payment of past due balances at check in
  o “Early-out” (pre-agency, outsourced efforts) collection programs performing the above tasks

VUMC strives to assist all patients in meeting their financial obligation prior to enlisting the assistance of a collection agency. Third-party debt collection agencies may be enlisted only after all reasonable collection and payment options have been exhausted including determining a patient’s eligibility under the Financial Assistance Policy. Patients will have one hundred twenty (120) days from the date the first billing statement is generated to complete the Application or Screening Process before any Extraordinary Collections Actions are taken.

Payment Plan

VUMC will allow patients with self-pay balances to request payment plan arrangements, which are interest free, in order to resolve patient Balances. Payment plan guidelines are shown below:

<table>
<thead>
<tr>
<th>Balances Due</th>
<th>Acceptable Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $50</td>
<td>Not Eligible for Payment Plan</td>
</tr>
<tr>
<td>&lt; $1,000</td>
<td>Payment in Full within 12 months</td>
</tr>
<tr>
<td>$1,000 - $2,999</td>
<td>Payment in Full within 24 months</td>
</tr>
<tr>
<td>&gt; $3,000</td>
<td>Payment in Full within 36 months</td>
</tr>
</tbody>
</table>

The minimum monthly payment amount is $50. Patients are required to pay at least this amount in order to qualify for a payment plan. VUMC representatives shall clearly document the payment arrangement and any additional details in respective billing system. Elective and/or cosmetic procedures, where pre-payment is required in full prior to services being rendered, are not eligible for payment plans. Patients with outstanding Bad Debt Balances do not qualify for a payment plan.

In the event a patient is unable to accept the standard payment terms, Patient Financial Services management may approve case by case exceptions according to department procedures.

Expectations for collecting a patient Balance based on the aging and the outstanding Balance are set forth in Appendix A. Uncollected patient liabilities are categorized as Bad Debt according to the guidelines set forth in Appendix B.
Legal Actions

The following describes the legal actions that may or may not be taken by VUMC employees, Agents, or third party contractors after making all reasonable efforts to determine an individual’s eligibility for Financial Assistance. Before pursuing any of these actions the determination of whether an individual is eligible for Financial Assistance must be fully documented.

<table>
<thead>
<tr>
<th>Legal Action Type</th>
<th>Professional Services</th>
<th>Hospital Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection Agency Legal Action</td>
<td>• Agency will take legal action to collect a debt for account greater than $500</td>
<td>• Currently reviewed case by case</td>
</tr>
<tr>
<td></td>
<td>• Agency determines that it is a collectible debt</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Agency validates income and credit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Agency issues a warrant</td>
<td></td>
</tr>
</tbody>
</table>

**Disclaimer:**

- If account Balance is with outside attorney then Agency action is put on hold.
- If Technical is in settlement talks then agency actions put on hold.

- Third Party Recovery Liens  
  VUMC does file liens against third party liability case settlements as permitted by the State of Tennessee

- Wage Garnishments  
  VUMC and their Agents may garnish future wages when it is determined the patient does not qualify for Financial Assistance and has the means to satisfy the debt for medical services

- Body Lien  
  VUMC or their Agents do not permit body liens

- Personal Residence Liens  
  VUMC or their Agents do not permit the use of liens against personal residences

- Lawsuits  
  VUMC and their Agents do not currently file lawsuits

**Legal Actions that do not require a determination on an individual’s eligibility for Financial Assistance and not considered an Extraordinary Collection Action**

Per 501(r) Final Rule: Any lien that a hospital facility is entitled to assert under state law on the proceeds of a judgment, settlement, or compromise owed to an individual (or his or her representative) as a result of personal...
**Policy Description:** Patient Collection Policy  
**Applicability:** VUMC Finance, VUMC Revenue Cycle  
**Approved By:** Finance and Revenue Cycle Policy Committee  
**Policy Number** RC 2.0  
**Effective Date** 01/01/2015  
**Approval Date** 04/06/2015

<table>
<thead>
<tr>
<th>Lien</th>
<th>Settlements</th>
</tr>
</thead>
</table>
| • Does not file Liens and does not receive any money from Technical Lien recoveries | • Cannot file hospital liens until discharge date  
   • Filing has to be done within 120 days of discharge  
   • File lien on charges greater than $1,500 |
|   | • Charges greater than $500  
   • If we know account has outside legal representation we will follow up with the attorney  
   • Portion of settlement money received by Technical is allocated to Professional balances. Amount allocated is agreed upon by Vanderbilt Legal and Director of VMG Business Office |
|   | • Vanderbilt Office of General Counsel works with outside attorneys or other agencies to collect on settlements  
   • If settlement payment received, portion is allocated to Professional if there are Professional charges |

**Contact Information**  
Questions regarding the interpretation of this policy should be directed to:

Email: financepolicy@vanderbilt.edu

**EXHIBITS:**

- Appendix A: VMG Account Aging and Collection Expectations  
- Appendix B: Bad Debt Guidelines

**REFERENCES:**

- Financial Assistance Policy (RC 1.0)
## Policy Description:
Patient Collection Policy

## Applicability:
VUMC Finance, VUMC Revenue Cycle

## Approved By:
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### APPROVAL:

<table>
<thead>
<tr>
<th>Committee/Title</th>
<th>Chairperson/Designee</th>
<th>Date</th>
</tr>
</thead>
</table>
| VUMC Revenue Cycle and Finance Policy Committee | Cecelia Moore, Chief Financial Officer and Treasurer  
Dr. David Raiford, Associate Vice Chancellor for Health Affairs, VUMC | 12/19/2014 |
| VUMC Revenue Cycle and Finance Policy Committee | Cecelia Moore, Chief Financial Officer and Treasurer  
Dr. David Raiford, Associate Vice Chancellor for Health Affairs, VUMC | 04/06/2015 |
**APPENDIX A: VUMC ACCOUNT AGING AND COLLECTION EXPECTATIONS**

<table>
<thead>
<tr>
<th>ACCOUNT BALANCE</th>
<th>$0.00-$100</th>
<th>$100-$1,000</th>
<th>$1,000-$5,000</th>
<th>&gt; $5,000</th>
</tr>
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<tbody>
<tr>
<td>Bad Eligible at 120 Days</td>
<td>Phone Calls: 1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Statements: 3</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Patient Contact Expectation</td>
<td>Phone Calls: 2</td>
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</tr>
<tr>
<td></td>
<td>Statements: 3</td>
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<td>Phone Calls: 2</td>
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</tr>
</tbody>
</table>
APPENDIX B: BAD DEBT GUIDELINES

<table>
<thead>
<tr>
<th>Qualifies for bad debt:</th>
<th>Does not qualify for bad debt:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No payment has been made on the outstanding patient liabilities within the patient billing cycle, or</td>
<td>• The patient is enrolled in a payment plan and the patient continues to make payments according to their payment arrangements</td>
</tr>
<tr>
<td>• No payment has been made on the outstanding patient liabilities within the payment plan timeline</td>
<td>• The patient qualified for 100% Charity Care Financial Assistance as outlined in the Financial Assistance Policy</td>
</tr>
<tr>
<td>• No response or involvement to resolve insurance issues.</td>
<td>• The patient’s account requires additional research, litigation and/or follow-up prior to classifying the uncollected patient financial liability as bad debt</td>
</tr>
</tbody>
</table>