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 adheres to the common element Scope statement presented in the Finance & Revenue Cycle Policy on Policies.

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.
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.
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.
Current Balance: Any patient balance that is accrued within 30 calendar days of patient discharge/service date.
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.
Deposit: 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.
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 (ECA):** 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 determine eligibility for Financial Assistance prior to taking any ECA. 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:

- 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

**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:** Discounts provided to patients for medical bills based on income guidelines; and
- **Catastrophic Financial Assistance:** Discount provided to patients when VUMC unreimbursed eligible medical expenses incurred in a one-year period exceed their annual household income

**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.

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

**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.

**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.
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: A process to determine if a patient qualifies for VUMC Financial Assistance that does not involve completing a financial assistance application. The screening process may be in person or on the telephone and utilizes a Third-Party Vendor.

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. This does not include disease specific or defined benefit plans as they are not considered health care insurance plans.

Uninsured: Patients identified as having no insurance coverage. This does not include those patients with faith-based plans as identified by the Affordable Care Act.

Uninsured Discount: A discount on charges for medical services for patients identified as uninsured. 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 fee-for-service and private health insurers.

Vanderbilt University Medical Center (VUMC) or Vanderbilt Health: Vanderbilt University Hospital, Monroe Carell Jr. Children’s Hospital at Vanderbilt, Vanderbilt Psychiatric Hospital, Vanderbilt Medical Group, Vanderbilt Academic and Research Enterprise, Medical Center Administration, Vanderbilt Wilson County Hospital or other similar consolidated health care entity.

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, the VUMC Financial Assistance Policy will be followed.

Typically, VUMC does not take ECAs. In the rare circumstances that ECA occurs, Patient Financial Services Leadership will first review each case to determine if all efforts have been made to assist patient access to VUMC Financial Assistance before taking ECA. Such documentation will be presented to both the Associate Vice President for Patient Financial Services and the Vice President for Revenue Cycle for review and approval prior to an ECA.

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 Financial Assistance Application or Screening Process as described in the Financial Assistance Policy before a patient balance is placed with a collection agency. If the patient begins the Application or Screening Process during the 120-day period but cannot
complete this Application Process, the patient will be provided at least another 120 days after the date of application to complete the Application Process before Extraordinary Collection Actions are taken by VUMC. Even after an account is placed with a collection agency, the collection agency is required to refer any potentially Financial Assistance Policy (FAP)-eligible individual to VUMC and provide them with information on VUMC’s Financial Assistance Policy in writing.

VUMC’s contracted collection agencies will not take ECA until first obtaining written approval from VUMC. VUMC and its collection agencies make the following reasonable efforts to notify an individual about VUMC’s financial assistance policy at least 30 days before engaging in ECAs against that individual:
- VUMC Billing statements
- VUMC Phone calls
- Collection agency billing statements and phone calls
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 will clearly communicate with patients regarding financial expectations as early in the appointment and billing process as possible. 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 deposit or estimated co-pays/co-insurance and deductibles prior to services (except in emergent situations governed by EMTALA) 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. 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.
PATIENT COLLECTIONS POLICY

For services provided at VUMC, except Vanderbilt Wilson County Hospital:

719 Thompson Lane Suite 30330
Nashville, TN 37204
(615)936-0910

- 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:
  - Letter requesting payment
  - Phone calls requesting payment
  - Letters indicating the account may be placed with a collection agency
  - Request for payment of past due balances at check in
  - “Early-out” (pre-agency, outsourced efforts) self-pay balance programs performing the above tasks

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>
<tr>
<td><strong>Disclaimer:</strong></td>
<td>• If account Balance is with outside attorney, then Agency action is put on hold</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• If technical charges are in settlement talks then agency actions put on hold</td>
<td></td>
</tr>
<tr>
<td>Third Party Recovery Liens</td>
<td>VUMC does file liens against third party liability case settlements as permitted by the State of Tennessee</td>
<td></td>
</tr>
<tr>
<td>Wage Garnishments</td>
<td>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</td>
<td></td>
</tr>
<tr>
<td>Body Lien</td>
<td>VUMC or their Agents do not permit body liens</td>
<td></td>
</tr>
<tr>
<td>Personal Residence Liens</td>
<td>VUMC or their Agents do not permit the use of liens against personal residences</td>
<td></td>
</tr>
<tr>
<td>Lawsuits</td>
<td>VUMC and their Agents do not currently file lawsuits</td>
<td></td>
</tr>
<tr>
<td><strong>Legal Actions that do not require a determination on an individual’s eligibility for Financial Assistance and not considered an Extraordinary Collection Action</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lien</td>
<td>• Does not file Liens and does not receive any money from Technical Lien recoveries</td>
<td>• Cannot file hospital liens until discharge date</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Filing has to be done within 120 days of discharge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• File lien on charges greater than $1,500</td>
</tr>
</tbody>
</table>
PATIENT COLLECTIONS POLICY

<table>
<thead>
<tr>
<th>Settlements</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Charges greater than $500</td>
<td>• If we know account has outside legal representation, we will follow up with the attorney</td>
<td>• Vanderbilt Office of General Counsel works with outside attorneys or other agencies to collect on settlements</td>
</tr>
<tr>
<td>• If we know account has outside legal representation, we will follow up with the attorney</td>
<td>• 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</td>
<td>• If settlement payment received, portion is allocated to Professional if there are Professional charges</td>
</tr>
<tr>
<td>• 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</td>
<td>• If settlement payment received, portion is allocated to Professional if there are Professional charges</td>
<td></td>
</tr>
</tbody>
</table>

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

Email:  financepolicy@vumc.org

EXHIBITS:
Appendix A: VMG Account Aging and Collection Expectations
Appendix B: Bad Debt Guidelines
### APPENDIX A: VUMC ACCOUNT AGING AND COLLECTION EXPECTATIONS

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