



Current Status: Active

PolicyStat ID: 3914451



ST. VINCENT'S
HEALTHCARE

Origination: 06/2010
Last Approved: 10/2017
Last Revised: 09/2013
Next Review: 10/2019
Owner: *Maureen Martin: VP - Finance*
Policy Area: *Administration*
References:
Applicability: *St. Vincent's Riverside*
St. Vincent's Clay County
St. Vincent's Southside

Early Out and Bad Debt Account Placement, 22.27

POLICY

Delinquent self pay balances are forwarded to external agencies under early out and bad debt transfer processes, based upon the condition and status of the outstanding debt. Accounts are referred to the agency without consideration of the original source of payment (payer type). This placement process ensures that these delinquent accounts are effectively monitored and managed by third party collection agencies in an effort to recover the outstanding balance that is due from the guarantor.

PURPOSE

Establishment of criteria and the process for referring unpaid account balances to an early out program and/or collection agency.

DEFINITIONS

Early Out Placement:	The process of transferring a delinquent, AR self pay balance to a third party vendor for collections. The account remains in an active AR status during this period.
Bad Debt Transfer:	The process of reclassifying the AR debt to a bad debt status and transferring the account to a third party collection vendor for bad debt collection activity.
Dormant Placement:	The process of transferring an existing, unresolved bad debt account to a final third party collection vendor for bad debt collection activity.
Agency Reconciliation:	The process of comparing the agency's inventory within the hospital's host system against the agency's actual inventory file.

PROCEDURE

1. Early Out Placement

- a. Guarantor Billing / Cycle Period
 - i. Account will cycle 60 days within the host system producing a total of 2 statements during this period
- b. If an outstanding balance > \$24.99 exists by day 60 and the balance is unresolved, the account will transfer to a special statement that indicates the Early Out process.

- c. The Early Out process is executed by a third party vendor to attempt to resolve the debt prior to transfer to bad debt status. This process continues until the vendor collects the debt or returns the account to the hospital due to exhausted efforts.
- d. Accounts can be cancelled and returned upon request to the hospital at any time and for any reason.

2. Bad Debt Transfer / Dormant Placement

- a. Accounts returned from the Early Out vendor as a result of exhausted efforts are automatically placed with a new third-party vendor who serves as the bad debt collection agency for the debt.
- b. The bad debt process continues until the vendor collects the debt or returns the account to the hospital due to exhausted efforts.
- c. Accounts which are returned by the bad debt agency due to exhausted efforts are transferred to a final third party collection agency in an attempt to recover the hospital debt. This process is referred to as "Dormant Placement" and remains in this status indefinitely until the balance is resolved or until the agency returns the account to the hospital.
- d. Accounts can be cancelled and returned upon request to the hospital at any time and for any reason.

3. Monthly Review of Adjustments:

- a. At the beginning of each month a list of accounts with prior month Bad Debt transfers (Excel worklist) will be generated for review purposes.
- b. A random selection of accounts will be selected that comprises at least 5% of the total adjusted population.
- c. Each account is to be reviewed by the Director of Patient Financial Services or Vice President Revenue Cycle Operations, for collection effort and potential recovery.
- d. The review results are to be documented, memorialized in a *.pdf format and maintained in a common folder on the network for future review and audit.
- e. Corrective action plans will be developed as needed and based on the monthly review results to ensure proper compliance with Bad Debt transfers.

4. Agency Reconciliation

- a. On a monthly basis, all third party collection agencies must provide PFS with a file that contains their current, active inventory.
- b. A comparison is performed between the host system and the agency file in order to ensure the inventories are in synch.
- c. Any inventory variances are reviewed and resolved by PFS.

Attachments:

No Attachments

Approval Signatures

Approver	Date
Maureen Martin: VP - Finance	10/2017