POLICY/PURPOSE

Title: *Billing, Collection and Litigation Policy*	**Number/Type**: I-0002
Owner: Gary Zmrhal, Senior Vice President, Chief Financial Officer	**Effective Date**: *01.01.2016*
For use at: *HQ Medical Practice, HQ Urgent Care, HQ Home Care, Heart Center, Hudson Valley Newborn Physician Services, Ulster Radiation Oncology Center, Northern Dutchess Hospital, Putnam Hospital Center, Vassar Brothers Medical Center*	

Purpose

The purpose of this Billing, Collection and Litigation Policy (the "Billing Policy") is to implement fair and appropriate billing, collection and litigation practices with respect to patient accounts which are consistent with the obligations of a charitable institution.

Policy Statement

This Billing Policy is applicable to Health Quest Systems, Inc. and its affiliates ("Health Quest"), other than the Thompson House.

Health Quest will exert diligent efforts to adhere to the protocols specified herein in connection with its billing and collection of accounts receivable attributable to individual patients and any litigation efforts used to collect such debts.

It is Health Quest's goal to ensure that patient accounts are pursued fairly and consistently; that policies are in place to define when and under whose authority a patient debt is advanced for collection; and that all outside collection agencies acting on Health Quest's behalf are bound by written agreements to abide by these policies.

Procedure:

Billing Adjustments

Account balances which are not covered by insurance will be adjusted to reflect any applicable self-pay discounts in accord with Health Quest's Financial Assistance Policy and Self-Pay Credit Policy. Account balances will not exceed the amount equivalent to the amount generally billed under The Prospective Medicare Payment System (PPS).

For patients who have insurance coverage for part of a hospital stay, the non-covered portion of the stay will be reduced to a per diem self-pay rate which will be calculated using the DRG base rate divided by the Geometric Mean Length of Stay (GMLOS) for the specific DRG.

For all out of country residents receiving treatment for any scheduled procedures, payment is required in advance of procedure. If payment is not made, services will not be performed and any previously scheduled appointments will be cancelled.

Bills reflecting the account balance, adjusted as described in the immediately preceding section, will be sent to patients (or to the party responsible for the financial obligations of a deceased or minor patient) upon discharge or as soon as practical following discharge.

Each patient bill shall include the full charge, adjusted charge or fully adjusted charge balance, and the New York State Surcharge, if applicable, together with general information about Health Quest's Financial Assistance Policy and how patients may obtain applications and assistance to apply for financial assistance.

Bills shall be sent on a periodic basis at reasonable intervals determined by the billing office until the balance is paid in full.

Payment Plans

Health Quest maintains a separate Payment Plan Policy and Procedure. The policy provides the following guidelines:

- Monthly installment payments are capped at 10% of a patient's gross income for uninsured self-pay patients, or patients who have exhausted their healthcare benefits, with family income less than 300% of the federal poverty line.
- Interest fees are not charged to the patient's account at any time during a payment plan period.
- A patient or guarantor's failure to comply with payment plan agreement will result in referral to bad debt.

Account Balance	Maximum Payment Term
$1.00 - $100.00	Payment in Full
$101.00 - $500.00	6 months
$501.00 - $1,999	12 months
$2,000 - $10,000	24 months
> $10,000	60 months

Delinquent Accounts

Unpaid account balances which are not subject to a payment plan shall be deemed a "Delinquent Account" if the balance is not paid in full after four (4) bills/letters/phone calls have been sent or attempted to be sent.

Unpaid account balances which are subject to a payment plan shall be deemed a "Delinquent Account" if patient misses two (2) consecutive payments.

To the extent that Health Quest attempts to collect any Delinquent Account itself, all such efforts shall be made in accordance with applicable Federal and or State Laws and Regulations. Health Quest shall employ the collection practices applicable to collection agencies as outlined in this Policy.

Resolving Balances and Reasonable Efforts to Determine Eligibility

Collection action may be initiated for unresolved, delinquent outstanding balances unless steps are taken to resolve them. Health Quest accounts will not be subject to extraordinary collection actions unless and until the following have occurred:

- More than 120 days have passed from the date the first post-discharge patient bill was sent;
- Reasonable efforts have been made to determine whether the patient is eligible for financial assistance;
- An eligibility determination has been made with respect to any application for financial assistance;
- The 120 day timeframe may be shortened if a determination has been made on financial assistance or a payment plan has been agreed to and the patient is no longer complying with the payment plan.

The reasonable efforts to determine eligibility for financial assistance include the following:

- Patients will be sent four (4) statement(s) monthly, that include a conspicuous notice on the availability of financial assistance and general information on how to obtain application and assistance to complete the application;
- Within 240 days from the first post-discharge invoice, if a patient applies for financial assistance, the application must be accepted and promptly processed. If an application has been submitted, all collection actions will cease until a determination has been made. If a patient application is missing documentation, the patient will be notified of the information needed to complete the application and will have 30 days to supply Health Quest with the missing documentation.

If the statement(s) remain unresolved and the patient has not submitted an application for assistance, collection actions will be pursued.

If the patient applies for financial assistance and is denied, and no subsequent appeal of that decision is pending, collection actions will be pursued.

If the patient applies for financial assistance and is approved for free care, no further action(s) will be pursued to collect on the account.

If the patient applies financial assistance and is approved for a partial discount, efforts will be made to work with the patient to collect the remaining balance.

Applicants approved for financial assistance will be refunded payment(s) in excess of the amount determined owed by the patient, on accounts for which they have been granted Health Quest financial assistance. Should Health Quest grant financial assistance on accounts beyond the 240 day application period, payments made on these accounts, up to the date that assistance has been granted, will not qualify for refunds. Refunds apply to excess payments of $5 or more.

No collection actions will be pursued against a patient if the patient provides documentation showing that an application has been submitted for Medicaid, other publicly sponsored health programs, or Health Quest financial assistance, related to the outstanding balances.

Collection Actions Taken In Event Of Non-Payment

Unresolved delinquent balances will be subject to the collection actions set forth below. Patients must be provided with written notice of Health Quest's intent to pursue collection actions at least thirty (30) days prior to initiating any of these actions. The notice must include a plain language summary of the Health Quest financial assistance policy, an explanation of how to apply for assistance and a description of the extraordinary collection action(s) that will be initiated after thirty days unless an application is submitted or the bills are resolved.

Reasonable and lawful collection practices shall always be employed by Health Quest and every outside collection agency engaged by Health Quest to perform collection services, including:

- Providing the patient with at least thirty (30) days notification prior to referring the account to a collection agency;
- Obtaining prior written approval from an appropriate Health Quest administrator before instituting litigation against a patient with a Delinquent Account;
- Prohibiting the payment of any contingency or incentive bonus from Health Quest related to its collection efforts;
- Maintaining records of patient complaints concerning collection practices;
- Correcting billing errors;
- Honoring payment plans established in good faith by patients;
- Upon official notice of a patient's bankruptcy, ceasing all collection activities related to that patient and not participating as a creditor in such proceedings; and
- Upon notice that a patient is deceased, validating and documenting the existence or absence of an estate. If a valid estate is found the agency will file a claim with the probate attorney handling the estate. If no estate is found, the account will be documented, returned and deemed charity.

Collection Agencies

Health Quest may choose to send any Delinquent Account to a collection agency.

Patient may still apply for a discount under the Health Quest Financial Assistance Policy even after the account has been sent to a collection agency. If the patient has applied for assistance, the account may not be referred to a collection agency until a final determination of such application is made and any appeals are exhausted.

Health Quest will remain open to resolving any Delinquent Account with a patient even after the Delinquent Account has been sent to a collection agency. However, this must be coordinated with the collection agency in accord with the applicable agreement between Health Quest and such agency.

Every outside collection agency shall enter into a written agreement with Health Quest which conforms to this Billing Policy and to the Financial Assistance Policy, and each collection agency shall regularly report to Health Quest so that compliance with these policies and procedures can be monitored.

Primary Collection Agencies shall return accounts without activity six (6) months after placement. Accounts with the following criteria may be worked for additional periods of time:

- If a new patient address was recently obtained, accounts may be kept six (6) months from the address update.
- If litigation is authorized, accounts may be kept for the life of the account.
- If a patient agrees to a payment plan, the account may be kept if a payment plan is active and up-to-date.
- Accounts may be kept through resolution if new insurance is obtained and billed.

Each primary agency shall provide a status report of all accounts held more than six (6) months. All accounts with balances less than $1,500.00 (other than HQMP accounts) shall close at the time of the Primary Agency return.

Secondary Collection Agencies shall receive hospital accounts closed by the Primary Agency with balances equal to or greater than $1,500.00. HQMP accounts are not subject to this threshold.

Secondary Agencies shall Credit Report patient balances 60 days after placement and shall keep the account open until the statute of limitations for the debt has expired. Any account returned to Health Quest for any reason will be removed from the patient's credit report.

Each outside collection agency shall conduct its activities in conformance with applicable laws and regulations, including without limitation: Section 2807-k of the New York Public Health Law; the Health Insurance Portability and Accountability Act ("HIPAA"); the Health and Human Services Department Standards for Individually Identifiable Health Information; the

federal Fair Debt Collections Act (15 U.S.C. § 1692); Article 29-H of the New York General Business Corporations Law; and New York's Garnishment Law, C.P.L.R. §5222.

As of the date of this Billing Policy, all applicable existing accounts shall be adjusted prior to collection in accordance with the Financial Assistance Policy and notice of such adjustment shall be given to the financially responsible party as soon as practical.

Litigation

In the event a collection agency is unable to collect a patient's account balance, litigation may be instituted against the patient by the collection agency on behalf of Health Quest only if Health Quest has provided prior written approval for such litigation. Such approval shall only be valid if given by the Health Quest Systems Business Office ("SBO").

Health Quest, or its collection agency, shall be entitled to claim as damages the amount of any unpaid Account Balance, as well as attorney's fees associated with the litigation.

Prior to requesting approval to commence litigation against a patient for an unpaid account balance, the collection agency shall provide a report to Health Quest addressing:

- The status of the account;
- The agency's actions with respect to collection;
- Any knowledge that the patient has filed for bankruptcy;
- Any knowledge that the patient is deceased; and
- Information in the agency's possession with respect to income or assets which might be available to satisfy the account balance.

Patients shall bear the cost of all fees associated with litigation in all litigation involving HQMP accounts, and all other accounts if a patient's cumulative balance is equal to or greater than $1,500.

Litigation against a patient shall not be approved unless the following requirements are demonstrated:

- The patient's account balance has been adjusted to reflect all applicable discounts;
- All determinations regarding an application and/or appeal relating to the Financial Assistance Policy are deemed final; and
- Bills have been sent, telephone calls placed and attempts have otherwise been made to collect the delinquent account balance from the patient.

Patients may still apply for assistance under the Financial Assistance Policy even after litigation has been commenced. In such an instance, if the patient has not previously applied for assistance with respect to the given unpaid account balance or if Health Quest determines, in its discretion, that there is good cause to believe that the patient may qualify for assistance, Health Quest shall make every effort to "stay" the litigation until a final determination of such application is made and any appeal of such determination is resolved. In the event a patient is not interested or cooperative in applying for assistance, Health Quest may proceed with litigation.

Judgments. If Health Quest is awarded a judgment against a patient, Health Quest or its collection agency may take enforcement actions to collect such judgment. This may include, but is not limited to, (i) filing the judgment in the County Clerk's office, (ii) obtaining an income execution against the patient's wages (iii) attaching one or more checking or savings bank accounts, or (iv) placing a lien on a patient's property or automobile. All such actions shall be taken in strict compliance with, among other applicable laws, New York's garnishment law, C.P.L.R. §5222.

Collection of Judgments

- Under no circumstance shall Health Quest or its collection agency force the sale or foreclosure of a patient's primary residence or any automobile that is used regularly by the patient or immediate family members in order to collect an outstanding medical bill.

- Under no circumstance shall Health Quest or its collection agency encumber a patient's tax-deferred or comparable retirement savings account, or a patient's college savings account.

REFERENCES/SOURCES

1. New York Public Health Law §2807-k(9-a)("Hospital Financial Assistance Law")
2. Internal Revenue Code §501(r)
3. New York CPLR §5222 (Wage Garnishment Law)

POLICY HISTORY:
Supersedes: Billing, Collection and Litigation Policy
Original implementation date*:* 1.1.2007
Date Reviewed: 5.1.2015
Date Revised: 5.1.2015

APPROVAL:

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Gary Zmrhal, Senior Vice President, Chief Financial Officer Date: