



Title:
Uncollectable Accounts

Origin:
Business Office
Financial Office

Effective: June 21, 2017

Revised: 01/18/2022 ea

Approved by:
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PURPOSE: The following policy and procedure is to be followed for identifying and writing off accounts determined to be uncollectible.

DEFINITIONS:

- **Bad Debts:** Bad debts are claims arising from rendering healthcare services to a patient that the hospital, using sound credit and collection policy, determined to be uncollectible from patients who have the ability to pay.

PROCEDURE:

A. The following steps will be taken for all self-pay balances and self-pay balances after insurance :

1. BHI will send a statement informing the patient of their responsibility and request appropriate payment or payment arrangements. The statement will be mailed within 30 days of discharge for self-pay accounts or within 30 days of final insurance adjudication. (1st Statement)
2. If no payments or payments arrangements are made within 30 days of the 1st Statement, a second statement will be sent at 60 days. (2nd Statement)
3. If no payments or payments arrangements are made within 30 days of the 2nd Statement, a third statement will be sent at 90 days. This statement, also known as the ECA notice, explains the intention to send the unpaid account to a third party collector with the possibility of credit reporting. It also provides a plain language summary of BHI's Financial Assistance Policy (3rd Statement)
4. If payment in full or payment arrangement is not made within 30 days of the 3rd Statement, the account will be turned over to a collection agency at 120 days. B.H.I determines a patient's eligibility to pay under the financial aid policy prior to reporting patients to credit agencies and taking actions that require a legal or judicial process.
5. The collection agency will attempt to collect the account.
6. Collection vendors will return all Medicare and Non-Medicare accounts within six months (180 days) of placement.