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## Billing and Collections Policy

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### 1. POLICY:

- The fundamental purpose of NorthShore University HealthSystem (NorthShore) is to provide quality health care and health-related services that effectively and efficiently meet the needs of individuals and families who reside in the communities served by NorthShore. For purposes of this policy, NorthShore includes the following non-profit hospitals: Evanston Hospital, Glenbrook Hospital, Highland Park Hospital, and Skokie Hospital.
- This policy describes the actions NorthShore may take to collect self-pay hospital and physician balances for services provided to NorthShore patients. This policy also describes the process and time frames associated with those collection activities, the actions NorthShore may take in the event of nonpayment, and the reasonable efforts NorthShore must take to determine if a patient is eligible for financial assistance.
- This policy defines how NorthShore communicates to patients regarding amounts due for services rendered by NorthShore.
- This policy also defines circumstances in which NorthShore may write-off patient accounts to bad debt and the process to control and monitor write-offs of patient accounts.
- NorthShore will not engage in Extraordinary Collection Actions as outlined in section 501(r) of the Internal Revenue Code.
- The policies and procedures state herein are intended to comply with Illinois state regulations and section 501(r) of the Internal Revenue Code and related guidance.
- Final authority to determine whether NorthShore has made reasonable efforts to determine financial assistance eligibility resides with NorthShore's Single Billing Office.

### 2. SCOPE:

This policy applies to self-pay hospital and physician balances for services provided to NorthShore patients.

### 3. DEFINITIONS:

Application - Means an application for financial assistance to be completed by a patient.

Application Period - During the application period, NorthShore will accept and process an application for financial assistance. The application period begins on the date the care is provided to the individual and ends on the 240<sup>th</sup> day after the date of the first billing statement for the care.

Bad Debt Write-Off - A patient account is transferred to bad debt for amounts deemed to be uncollectible, but the patient has the ability to pay the outstanding balance. This determination is based using established collection criteria and is made only after an account has been billed and appropriate collection follow-up efforts have been taken.

Contractual Adjustment - An adjustment posted to a patient account to reflect the difference between the patient's total charges at established rates and the actual reimbursement expected from third party payers pursuant to regulations or contractual arrangements.

Extraordinary Collection Actions (ECAs) - These are collection actions requiring a legal or judicial process and can also involve other activities such as selling debt to another party or reporting adverse information to credit agencies or bureaus. NorthShore does not engage in ECAs, nor does it permit its collections vendors to engage in ECAs.

Financial Assistance - Financial assistance means assistance offered by NorthShore to patients who meet certain financial and other eligibility criteria as defined in NorthShore's Financial Assistance Policy (FAP) to help them obtain the financial resources necessary to pay for medically necessary or emergency health care services provided by NorthShore in a hospital

setting. Eligible patients may include uninsured patients, low income patients, and those patients who have partial coverage but who are unable to pay some or all of the remainder of their medical bills.

Plain Language Summary - A plain language summary of NorthShore's FAP includes: 1) a brief description of the eligibility requirements and assistance offered; 2) a listing of the website and physical locations where financial assistance applications may be obtained; 3) instructions on how to obtain a free paper copy of the FAP; 4) contact information for assistance with the application process; 5) availability of language translations of the FAP and related documents; and 6) a statement confirming that patients who are determined to be eligible for financial assistance will be charged no more than amounts generally billed for emergency or medically necessary services.

Reasonable Efforts - NorthShore will make reasonable efforts to provide notification to the patient about NorthShore's FAP by offering the plain language summary of the FAP. In addition, NorthShore will take the following steps to inform patients about NorthShore's FAP.

- 1) Incomplete Applications - If the patient and/or patient's family member submits an incomplete financial assistance application, NorthShore will provide a written notification that describes what additional information or documentation is needed.
- 2) Completed Applications - If the patient and/or patient's family member submits a complete financial assistance application, NorthShore will provide written notification that documents a determination on whether a patient is eligible for financial assistance in a timely matter and notifies the patient in writing of the determination (including, if applicable, the assistance for which the patient is eligible) and the basis for this determination. This notification will also include the financial assistance percentage amount (for approved applications) or reason(s) for denial, and expected payment from the patient and/or family where applicable. The patient and/or family will continue to receive statements during the evaluation of a completed application.
- 3) Patient Statements - NorthShore will send a series of statements describing the patient's account and amount due. Patient statements will include a request that the patient is responsible to inform NorthShore of any available health insurance coverage and will include a notice of NorthShore's FAP, a telephone number to request financial assistance, and the website address where financial assistance documents can be obtained.
- 4) NorthShore Website - NorthShore's website will post a notice in a prominent place that financial assistance is available, with an explanation of the financial assistance application process. NorthShore will post its FAP with a list of providers who are covered and not covered under the FAP, plain language summary, financial assistance application, and billing and collections policy at [www.northshore.org/about-us/billing/financial-assistance](http://www.northshore.org/about-us/billing/financial-assistance). NorthShore will have free paper copies of these documents available upon request in the emergency department and registration areas or by mail by calling (847) 570-5000.

#### 4. PROCEDURE:

- A. *Communications with Patient:* As early in the revenue cycle as possible, patients shall receive written or verbal communications regarding their outstanding balance, as well NorthShore's payment expectations. All communications with the patient will include a notice about the availability of financial assistance, a telephone number to call for additional information, and the website address where copies of the financial assistance documents can be obtained. NorthShore will offer a copy of the plain language summary of the FAP to all patients.
- B. *Financial Assistance:* It is the practice of NorthShore to assist patients in securing reimbursement from available third party resources. Financial counseling will be provided to help patients identify available federal or state healthcare coverage programs which may be available to them, as well as to determine eligibility under NorthShore's FAP. Collection activity will be placed on hold pending the outcome of these determinations, but patient statements will continue to be sent. For financial assistance through NorthShore, the criteria used in calculating the amount of the discount, the measures NorthShore will take to widely publicize the FAP within the community served by NorthShore, the process used by NorthShore to determine financial assistance eligibility, and the application process are described in detail in the **Financial Assistance Policy**.
- C. *Payment Plans:* NorthShore offers interest-free, extended payment plans to patients who anticipate difficulty in paying their bill.
- D. *Collection Activities in Event of Non-Payment:* In the event of non-payment, various collection activities will be used based on account balance, third party payer reimbursement liability, patient's eligibility for governmental funding or financial assistance, patient cooperation, payment or bad debt history, and/or inability to locate the patient. Collection activities may include appeal of a third party payer denial; follow-up communications with the third party payer; statements, letters, and telephone calls to the patient offering financial assistance and/or requesting payment; and final

notification to the patient or guarantor that the account is delinquent and subject to being placed with a collection agency no earlier than 120 days from the date of the first statement notifying the patient of the patient balance owed. Legal action may also be initiated by NorthShore against a third party responsible for delinquent payment of the account.

- E. *Bad Debt:* Accounts may be written off to bad debt only after the account has been final billed to available third party payer(s) and to the patient/guarantor, established billing and follow-up communications have occurred, reasonable efforts have been made to inform the patient of the availability of financial assistance, payment timeframes have expired, and the account has been determined to be uncollectible. Accounts identified as uncollectible are submitted to the Director of Patient Financial Services on a regular basis and shall be approved for write-off in a timely manner to expedite referral to a third party collection agency.
- F. *External Collection Actions:* To ensure that only appropriate accounts are written off to bad debt, and only after complete billing and collection efforts have been taken, including appropriate referral to an external firm for collection, the Patient Financial Services team will review bad debt write-offs for approval. Utilizing established collection criteria and approved write-off authorization limits, the Director of Patient Financial Services can either approve the write-off or recommend appropriate action. (Accounts are also transferred automatically to an external firm for collection by the patient accounting system, based on established payer, balance, and payment activity parameters).
- G. *Implementation:* It is the responsibility of NorthShore’s Single Billing Office to implement this policy and develop site specific department operating procedures.

**5. ATTACHMENT:**

None

**6. DISTRIBUTION:**

Administrative Directives Manual

**7. POLICY RESPONSIBILITY:**

Sr. Vice President, Business Services

**8. REFERENCES:**

Internal

External

Administrative Directives Manual: Financial Assistance Policy

Internal Revenue Code Section 501(r)

**9. REVISION:**

The organization reserves the right to unilaterally revise, modify, review, or alter the terms and conditions of the policy within the constraints of the law, with or without reasonable notice.

**10. APPROVAL:**

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| <u>Brian M. Washa</u><br><b>Signature</b> | <u>Sr. Vice President, Business Services</u><br><b>Title</b> | <u>9/13/16</u><br><b>Date</b> |
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**11. DATES:**

**Origination:** 9/16      **Review:** 9/16 **Effective:** 10/16      **Next Review:** 10/19