

**DEPARTMENT:** Accounting  
**CATEGORY:** Policy/Procedure  
**SUBJECT:** Accounts

**DIRECTIVE NO.:** 901-A-1  
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Department: Business Office  
Subject: Accounts Receivable

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## **POLICY**

The primary goal of the Columbus Community Hospital is the provision of quality patient care as ordered by and under the direction of the patient's physician. This goal can only be accomplished through:

1. sound financial management;
2. the hospital keeping costs contained;
3. the patient providing prompt payment for the services provided.

This policy applies solely to elective medical care and in no way will emergency medical care be denied. In order for the Columbus Community Hospital to meet its goals, for the patient and the community, it is the expressed and implied policy of the hospital, as a non-profit institution, to adhere to the following practices in the Management of Accounts Receivable.

## **PURPOSE**

To record, classify and summarize, in a significant manner and in terms of money, the financial transactions entered into by the Hospital and interpret the results thereof.

1. **Determination of Ability to Pay**  
Every resource shall be utilized to determine, prior to or at the time of admission, a patient's capacity to provide full payment for services rendered by the Columbus Community Hospital.
2. **Possible Governmental Assistance Due to Inability to Pay**  
In the absence of a patient's ability to fully satisfy these charges, either through personal funds or insurance coverage, the patient should be advised, as a result of information gained during the interview, of their possible eligibility for governmental assistance through programs such as the Department of Human Resources. An eligibility verification company will be utilized if needed.
3. **Non-eligibility for Governmental Assistance**  
In the absence of eligibility of subsidy through governmental programs, the hospital will entertain the possibility of providing charitable service.
4. **Financial Assistance Plan**  
For the hospital to consider providing charitable service the patient must provide sufficient information to justify such consideration, as outlined in the Financial Assistance Policy.

In the absence of being truly eligible for charitable services, all patients will be expected, through whatever resource, to resolve the indebtedness incurred as a result of services provided by Columbus Hospital. All charity care must be approved by the Business Office Manager.

### **Referred Outpatient Services**

Outpatient charges for service will be collected at the time of the service(s). The hospital will provide the patient with necessary itemized statements for insurance billing purposes. If patient provides complete insurance information, the hospital will file with their insurance company and accept assignment, if all deductibles and co-payment amounts are satisfied.

### **Emergency Room Services**

Emergency Patient Services will always be provided regardless of ability to pay. Payments for services may be received by:

1. **PRIVATE PAY:** Cash may be received after services rendered or patient may be billed for services. An FAP-eligible individual cannot be charged more than amounts generally billed for emergency or other medically necessary care.
2. **MEDICAID:** A Texas Medicaid recipient's claim will be automatically filed by the hospital and no collection of monies will be made.
3. **WORKER'S COMPENSATION:** A Worker's Compensation case is not collected for in the Emergency Room; however, the patient is to provide proper information to the hospital to file the claim.
4. **MEDICARE:** Only deductible and co-payment amounts will be collected. Screening to determine if Medicare is secondary will be done if accident or currently employed.
5. **INSURANCE/MANAGED CARE PLANS:** Members of managed care plans of which Columbus Hospital is a contracted member.

### **Inpatient Services**

When a patient arrives at the Columbus Community Hospital seeking admission for elective medical care and has an outstanding indebtedness to this facility, the administration of the Columbus Community Hospital reserves the right to deny admission to such patients. Admission will **NOT** be denied for **EMERGENCY** care.

#### **1. Acceptance of Insurance Assignment**

Patients being admitted to the hospital with hospitalization insurance will be required to assign payment of services from the carrier over to the hospital. Columbus Community Hospital will accept some insurance at the time of admission. This is for all types of patients, Medicare, Texas Medicaid, and other insurance. Columbus Community Hospital reserves the right not to accept assignment of insurance payments.

#### **2. Deposit Requirement**

A cash deposit will be required for patients:

1. Having no insurance coverage;
2. Having unacceptable insurance coverage; or
3. Who refuse to assign insurance payments to Columbus Hospital.

This type of patient will be considered a "Private Pay" patient and the amount of the cash deposit will be determined by the service to which the patient is being admitted (refer to Deposits for Hospital Admission policy).

### **3. Admission Not Covered By Insurance**

If a hospital admission is not covered by insurance, the hospital bill will be payable on a weekly basis and in full at the time of discharge of the patient.

Should the patient be unable to pay the bill in full at the time of discharge, assistance for making satisfactory arrangements can be made through the hospital's Business Office.

a. The patient will be required to sign a budget payment form. Payments must be made as agreed upon and accepted; otherwise the account will be referred for collection to an attorney or an outside collection agency.

### **4. Possible Liability Dispute(s)**

If the hospitalization is the result of an accident or for any reason from which a dispute as to liability for damages may result, Columbus Community Hospital will continue to expect payment from the patient for services rendered. A lien will be filed by the eligibility verification company.

## **STATEMENTS**

Every resource will be utilized to keep patients advised of the charges and the status of their account.

1. Detailed statements are mailed to all private pay patients four (4) days following their discharge from the hospital.
2. Monthly statements are mailed on a regular monthly basis.

Statements that have been returned due to improper address are immediately placed in the "Bad Debt" status and forwarded to an outside collection agency.

## **BUDGET PAYMENT**

When there are no other means of a patient retiring his debt to the hospital a "Budget Payment Plan" may be established by completing the attached form.

Columbus Community Hospital prefers to have all budget payment agreements on a ninety (90) day or less pay-out basis. Second preference, six (6) months on larger balances, this would be balances of over \$1000.00. If this cannot be agreed upon, refer the patient to the Business Office Manager or, in the absence of the Business Office Manager, the Administrator of the hospital.

Once the Budget Payment is agreed upon, by the patient or the patient's representative, the agreement will be documented on a Budget Payment Form. There is to be no deviation from it without the approval of the Business Office Manager; and/or the Administrator. Terms will be noted electronically on the patient's account.

## **Policing of Accounts Receivable:**

### **1. 30-60 Day Old Accounts**

Private pay accounts 30-60 days old receive statements.  
Medicare/Medicaid accounts 30-60 days old, a follow-up inquiry is made by insurance personnel as to problems of non-payment.

### **2. 60-90 Day Old Accounts**

- a. Private pay accounts 60-90 days old, a statement is sent utilizing a "Final Notice" collection note, advising the patient that unless restitution is made within 10 days, the account will be turned over for collection. (This procedure is followed for monies due from Medicare and other type accounts once the insurance has been paid and a balance is due from the patient).
- b. Third party payor accounts, a follow-up inquiry is made by insurance personnel.

### **3. 100 + Day Old**

Accounts 100 plus days old, are prepared for collection agency and placed in the "Bad Debt" status.

## **COLLECTION OF BAD DEBTS**

Every effort is made by the administration to collect past due accounts by use of letters, statement and personal contact. After exhaustion of these means and in the absence of any definite commitment to retire indebtedness on a timely schedule, it is the intent of the administration of the Columbus Community Hospital to utilize all resources, including litigation, to insure the collection of such indebtedness.

### **1. Use of outside Collection Agency**

- a. "Bad Debts" must be approved by the Business Office Manager prior to placement with an agency.
- b. Corpra Care -  
In consideration of the service to be rendered by Corpra Care upon the acceptance hereof, the undersigned represents, warrants and agrees that:

1. Minimum balance forwarded will be \$40.00.
2. All accounts submitted to C.C., including any interest of service, finance or similar charge added thereto, will be deemed assigned and sent to C.C., for collection and will be validly due and owing by the debtor.
3. Corpra Care has full authority to collect & receive all amounts due on accounts assigned to it for collection. Accounts will be returned to Columbus Community Hospital after 90 days of no activity.
4. In addition to the initial purchase price for the service, Corpra Care is entitled to a commission not to exceed twenty-five percent (25%) of all money realized on each account following the institution of collection efforts on such account.
5. Upon receipt of the undersigned of any payment on accounts assigned to C.C. for collection, the undersigned will forthwith notify C.C. of such payment.

### **2. Litigation Process**

File claims balance against estate through the County Clerk's Office.

**RETURNED CHECKS**

When a check is returned to the hospital due to lack of funds and/or no known account, the Returned Check Notice is immediately mailed to the person issuing the check, by use of Registered Mail Services. The amount is placed on the patient's ledger in the active accounts receivable file. There is a \$25.00 Service Charge for all returned checks and is collected as miscellaneous cash. The patient's account is debited for the amount of the returned check.