

<b>Sanford Policy ENTERPRISE Patient Financial Services:</b>	<b>Collections - Enterprise</b>
	<b>APPROVED BY:</b> EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER, VICE PRESIDENT, REVENUE CYCLE
<b>DATE REVIEWED/REVISED:</b> 09/24/2024	<b>FORMULATED BY:</b> SENIOR DIRECTOR, PATIENT ACCOUNTS

**SCOPE:** Patient Financial Services and Third-Party Collections Vendors

**PURPOSE**

Policy provides guidance for the management of Accounts Receivable while establishing a collection process with consistency regarding financial arrangements and expectations.

Sanford (term "Sanford" includes all subsidiaries and affiliates owned or operated by Sanford for which Sanford completes the billing and collections activity) is committed to providing financial assistance to those patients demonstrating an inability to pay for the medical services received. This policy is consistent with the missions and values of Sanford. All patients will be treated with respect, dignity and compassion regardless of their ability to pay or the status of their self-pay balance. Financial arrangements with Emergency Room patients will not be discussed until a patient has been treated and assessed in accordance with Sanford's EMTALA Policy.

Sanford staff will make a reasonable effort to notify patients of its Financial Assistance Policy. Sanford will not deny financial assistance based on race, creed, sex, national origin, handicap or age. Sanford will train its staff responsible for admissions, billing and those who provide direct patient treatment about its Financial Assistance Policy and its Collections Policy.

**Zero Tolerance Policy**

- Sanford has zero tolerance for abusive, harassing, oppressive, false, deceptive, or misleading language of collections conduct. This zero-tolerance policy applies to internal Sanford staff and third-party collection vendors and attorneys.
- For any patient/guarantor who has provided written notice of bankruptcy filing to Sanford, and thus under the protections of the bankruptcy court, Sanford will abide by the automatic stay.

**Patient Expectations and Demographic Information**

- Prior to delivering health care services, except in cases of emergencies or urgent care, a patient is expected to provide a copy of their insurance card(s), as well as timely and accurate demographic information. This includes full name (patient and guarantor, if different), address, phone numbers (home, mobile and work), date of birth, social security number, citizenship and residency information),

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marital status, changes in marital status, changes in insurance status. Patient/guarantor must supply any applicable financial resources that may be used to pay their bill (including insurance, motor vehicle or homeowners' insurance, if applicable, worker's compensation insurance, if applicable, student insurance policies, if applicable, etc.)

- It is ultimately the patient's responsibility to provide this accurate and timely information and to keep Sanford apprised of any updates in their personal information outlined above.
- Patients are also responsible for any required notification to insurance companies or public programs either prior to or after care has been delivered. This would include notices required by health insurance companies, workers compensation programs, third party liability companies, Medicaid programs, Medicare supplemental and replacement plans, or any other plan or program that might have responsibility for covering part of or all of the services rendered.
- Sanford will assist a patient with their insurance prior authorizations, if appropriate and applicable; moreover, Sanford has developed and implemented procedures to ensure timely and accurate submission of claims to third party payers. However, timely submission is contingent upon the patient providing the information promptly and accurately.

### **Internal Self Pay Collections Policy**

- This policy is applicable to all patients receiving services at Sanford, specifically all balances that are considered self-pay or patient due.
- Self-pay is defined as an account that is not covered by any medical insurance or other indemnity, in whole or in part (co-payment, co-insurance, deductible, spend down, etc.), and for which the patient or guarantor is liable and responsible for payment.

### **Statements**

- Sanford will notify patients of their owed balances by billing statements sent approximately every 28 days either by mail or by electronic notification for customers choosing paperless billing statements.
- The billing statement will show hospital, clinic, home health and hospice, long-term care, home care-based services, home medical equipment, health care accessories, and ambulance services activity on the guarantor account that are currently new self-pay balances and/or carry forward self-pay balances from a prior billing statement.
- The varying services provided may appear on separate billing statements.
- Information regarding the availability of financial assistance will be included on the statements.

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- The billing statements will contain messages notifying the patient of past due balances, if any exist.

### **Alternate Communication with Patients**

- For any balance unpaid after the initial due date, Sanford may also attempt to contact patients by phone, by email or by text message (SMS). Phone calls are subject to being recorded. Emails and text messages are stored in retrievable media.
- Sanford will conduct random and selected audits of internal collection staff and third-party collection vendors to validate professionalism and accuracy of patient interaction. These audits will be scored, documented and tracked using Sanford's "Quality Scoring Module."
- Sanford will make reasonable efforts to educate patients/guarantors that they may receive a separate statement coordinated out of separate billing offices from Non-Sanford Employed providers or facilities. Examples include Reference Laboratory, Pathology, and Anesthesiology charges.
- Sanford Financial counselors, Sanford financial advocates, and third-party advocates through partnering vendors will make reasonable efforts to assist patients in determining if they are eligible for private and governmental sponsored programs, including the Sanford Financial Assistance Policy, whenever appropriate.
- Sanford employs the services of an interpreter service to assist patients needing appropriate language translation.

### **Reasonable Payment Plans**

- Sanford requests payment in full within 28 days of its first billing statement. However, patients indicating an inability to pay in one payment will be offered a reasonable payment plan as outlined in this policy.
- Sanford staff are authorized to set up a reasonable payment plan for up to 15 months; additionally, minimum payment expectations are set at \$50 monthly.
- Sanford management must approve a payment plan with a duration longer than 15 months.
- If a payment arrangement is agreed upon, the first payment must be made to prevent further collection activity.
- A promised payment or a defaulted upon payment plan is not considered an agreement and will not prevent collection activity, including listing balances with a third-party collection vendor.
- To establish an acceptable payment plan, the patient/guarantor must contact Sanford Patient Financial Services; mailing in a payment without contacting Sanford is not a formally executed payment plan.

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- If available, guarantors may establish a reasonable payment plan online via the MySanfordChart portal.

### **Bad Debt Collection Policy**

- Patients/guarantors with unpaid medical billings may be referred to an outside collection vendor/agency.
- If a patient/guarantor has provided an accurate mailing address to Sanford and there is no returned mail on the account, then a patient/guarantor will be provided a minimum of 4 billing statements, either by mail or electronically, before an unpaid self-pay balance would be assigned to an outside collection vendor/agency.
- If a patient/guarantor fails to provide a correct or deliverable mailing address and mail is returned as non-deliverable, then their balance may be assigned to a third-party collection vendor prior to 4 statements being provided.
- If Sanford is reasonably able to determine that a patient is unable to pay their medical bill, Sanford may grant financial assistance prior to 4 statements being provided.
- Sanford utilizes a third-party bad debt collection agency to assign accounts for collection purposes. Sanford will not sell patient debt to any third-party debt buyer.

### **Compliance with Sanford Policies**

- Sanford has contracts with the third-party collection vendors that require the vendor to comply with and abide by all Sanford policy and procedures, including this policy, the Financial Assistance Policy, the Minnesota Attorney General Agreement, and all rules, regulations and laws governing third party collections.

### **Patient Complaints**

- Sanford requires its vendors to log all oral and written complaints about the collection vendor's conduct.
- A patient has a right to file a grievance with Sanford about the conduct of the vendor.
- The collection vendor's complaint log shall be provided to Sanford on a monthly basis.
- Sanford will address any patient complaints and disputes in a timely manner.
- Any patient with a question, complaint or dispute may contact Patient Financial Services at 877-629-2999. Phone calls will be returned within one business day and written inquiries will be responded to within ten business days.

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**Extraordinary Collection Efforts/Bad Debt Litigation Policy**

- Sanford will not request any patient to sell personal belongings such as their personal transportation to settle a medical account.
- Sanford will not force the foreclosure of a patient's primary residence to pay an outstanding medical bill.
- Neither Sanford nor any of its third-party collection vendors will take any extraordinary collection efforts until Sanford and the third-party collection vendor have made reasonable efforts to determine if a patient is eligible for financial assistance under the Financial Assistance Policy.
  - Extraordinary collection efforts available to third party collection vendors include:
    - initiating legal action (summons and complaint),
    - placing a lien on property by obtaining a judgment,
    - garnishing/levying on wages, bank accounts or assets, or
  - Reasonable efforts include notification to the patient by Sanford of its financial assistance policy upon admission and by Sanford or its third-party collection vendors upon written and oral communications with the patient/guarantor regarding the patient's bill. This includes statements, phone calls and such other communication as may be directed by regulation, rule or law set forth by the United States Department of Treasury or the Internal Revenue Service.
- Sanford will not engage in extraordinary collection efforts directly with any patient or guarantor with an outstanding balance.
- For any patient/guarantor who is uncooperative, unresponsive, fails to properly complete a financial assistance application, or fails to follow up on incomplete financial assistance applications during the collection process, the outside collection vendors may take extraordinary collection efforts.  
 Extraordinary collection efforts will not be taken until there is reasonable evidence that a patient/guarantor has income and/or assets to meet his/her obligations.
- Sanford requires its third-party collection vendors to assess if a patient is eligible for financial assistance before employing these extraordinary collection efforts. Such consideration includes, but is not limited to, any information relevant to consideration for financial assistance, a patient/guarantor's employment status, earning capacity, income eligibility based on federal poverty guidelines, and other resources available to the patient/guarantor.
- Regardless of the above, Sanford dictates that its third-party collection vendors cannot take extraordinary collection activities until a balance is as least 241 days past the first self-pay statement date provided to the patient/guarantor.

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- This is to ensure that both Sanford and its third-party collection vendors are taking any and all necessary steps to notify patients of Sanford's Financial Assistance Policy and allowing appropriate time for a patient/guarantor to fill out a financial assistance application.
- If a patient/guarantor fills out a completed financial assistance application, Sanford will notify the third-party collection vendor to suspend all extraordinary collection activities pending the outcome of the financial assistance determination.
- If required by regulation or law and the patient has filled out a financial assistance application prior to 240 days from the first self-pay statement date, then the third-party collection vendor will take steps to reverse extraordinary collection efforts for any patient that qualifies for financial assistance.

**Procedure for determining when charges are uncollectable or satisfied**

- Accounts will be deemed satisfied when payment in full has been received, or a settlement negotiated by and agreed upon by Sanford has been paid for the full agreed-upon amount.
- On a monthly basis, the third-party collection agency will cancel and return accounts back to Sanford that are deemed uncollectable and will cease all collection activity on the returned accounts. Accounts that are returned as uncollectible will be written off as uncollectible debt. Write-offs will be reviewed to determine if and/or how to incorporate those figures into the annual cost reporting process.
- Accounts will be returned as uncollectible in any of the following circumstances:
  - Guarantor bankruptcy if there is no legal judgment on charges to be returned.
    - Sanford reserves the right to file a claim in the bankruptcy, if claims are allowed by the bankruptcy court
  - Guarantor deceased with no estate.
  - Accounts have aged more than 6 years based on the last of the dates of service or last debtor activity on the account, if there is no legal judgment.
  - Any other situation in which all collection activities have been exhausted and the debt is determined by the collection agency to be uncollectible.

**Minnesota Residents Receiving Services At A Minnesota Facility**

- Sanford requires by contractual agreement that all external third-party collection vendors as well as their agents and attorneys, comply with the terms of the State of Minnesota Attorney General Agreement regarding litigation and collection practices involving Sanford Minnesota facilities and Minnesota residents.
- For any self-pay balance of a Minnesota resident receiving services at a Minnesota hospital facility, Sanford will not place said accounts in

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collections with the third-party vendor until verification of the following 4 criteria:

- that the patient/guarantor is the responsible party.
- Sanford has submitted the balance to all known insurance companies and received a denial or a response indicating patient responsibility.
- Sanford has offered a reasonable payment plan (defined above) to a patient indicating an inability to pay in full and who has responded to Sanford; and
- if a patient cannot pay in accordance with the reasonable payment plan, a financial assistance application has been offered.
- Sanford will not forward any account to a third-party collection vendor when a balance has been denied by insurance due to a Sanford billing error.
- Prior to a third-party collection vendor initiating a legal action or garnishment, the same four criteria above must be verified by the vendor.
- All collection activity will be suspended for 30 days if a patient advised one of the following situations:
  - patient advises Sanford or the third-party collection vendor that they do not owe all/part of bill.
  - patient advises Sanford or the third-party collection vendor that a third-party payer should pay bill; or
  - patient advises Sanford or the third-party collection vendor that they need communication concerning their bill.
- Neither Sanford, nor its third-party collection vendors, will state or imply, directly or indirectly, that the State of Minnesota or the Attorney General's office has approved of, condones, or agrees with any lawsuit, garnishment, or other attempt by Sanford to collect debt from a patient.
- Litigation practices are subject to the oversight of Sanford's Office of General Counsel and by Sanford's Senior Executive Director of Revenue Cycle Management.
  - All default judgments must be verified and approved by Sanford prior to the entry of the default judgment order.
  - No garnishments may be initiated unless a judgment has been obtained and entered, and Sanford must verify and approve all garnishments.
- No third-party collection vendor or lawyer is authorized to report any patient to any credit reporting agency.

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