



Administrative (Non-Clinical) Policy

This administrative policy applies to the operations, Directors, and employees of the University of Wisconsin Hospitals and Clinics Authority (“UWHCA”), University of Wisconsin Medical Foundation (“UWMF”), and those subsidiaries and affiliates of UWHCA and UWMF that have adopted this administrative policy (each an “Adopting Affiliate”). UWHCA, UWMF and the Adopting Affiliates are referred to in this administrative policy as “UW Health”.

Policy Title: Patient Billing and Collections Policy

Policy Number: **2.33**

Effective Date: July 25, 2019

Chapter: Fiscal Affairs

Version: Revision

I. PURPOSE

UW Health recognizes the cost of necessary health care services can impose a financial burden on patients who are uninsured or underinsured. UW Health also recognizes the billing and collection process is complex and has implemented procedures to make the process more understandable for patients. The goal of this policy is to provide clear and consistent guidelines for conducting billing and collections functions in a manner that promotes patient satisfaction, operational efficiency and compliance with law.

Through the use of billing statements, written correspondence, MyChart, and phone calls, UW Health will make diligent efforts to inform patients of their financial responsibilities and available financial assistance options. Additionally, UW Health will make reasonable efforts to determine a patient’s eligibility for financial assistance under our Financial Assistance Policy 2.16 before engaging in extraordinary collection actions to obtain payment.

II. DEFINITIONS

- A. **Bad Debt Accounts:** Accounts that have been determined to be uncollectible because the patient has been unwilling to pay for their medical care.
- B. **Emergency Care:** Immediate care provided by a hospital facility for emergency medical conditions that is necessary to prevent putting a patient’s health in serious jeopardy, serious impairment to bodily functions, and/or serious dysfunction of any organs or body parts.
- C. **Extraordinary Collection Actions (ECAs):** A list of collection activities, as defined by the United States Internal Revenue Service (IRS), that healthcare organizations may only take against an individual to obtain payment for care after reasonable efforts have been made to determine whether the individual is eligible for financial assistance. These actions are further described in Section IV of this policy and include actions such as reporting adverse information to credit bureaus/reporting agencies along with legal/judicial actions such as garnishing wages. For purposes of clarity, the following actions are not ECAs:
 - 1. Any lien that UW Health is entitled to assert under state law on the proceeds of a judgment, settlement, or compromise owed to a patient (or his or her representative) as a result of personal injuries for which UW Health provided care.
 - 2. The filing of a claim by UW Health in any bankruptcy proceeding.

- D. **Financial Assistance Policy (FAP):** UW Health’s administrative policy that describes UW Health’s financial assistance program and meets the requirements of 26 C.F.R. § 1.501(r) including the criteria patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance.
- E. **Federal Poverty Guidelines (FPG):** A federal poverty measure issued each year in the *Federal Register* by the Department of Health and Human Services (HHS). These guidelines are a simplification of the poverty thresholds used for administrative purposes in determining financial eligibility for UW Health’s FAP as well as certain federal and state programs.
- F. **Gross Charges:** The full, established price for medical care that UW Health consistently and uniformly charges patients before applying any discounts, contractual allowances, or deductions.
- G. **Medically Necessary:** Those services required to identify or treat an illness or injury that is either diagnosed or reasonably suspected to be necessary, taking into account the most appropriate level of care.
 - 1. Depending on a patient’s medical condition, the most appropriate setting for the provision of care may be a home, a physician’s office, an outpatient facility, or a long-term care, rehabilitation or hospital bed. In order to be medically necessary, a service must:
 - a. Be required to treat an illness or injury;
 - b. Be consistent with the diagnosis and treatment of the patient’s conditions;
 - c. Be in accordance with the standards of good medical practice; and
 - d. Be that level of care most appropriate for the patient as determined by the patient’s medical condition and not the patient’s financial or family situation.
 - 2. The term “medically necessary” does not include services provided for the convenience of the patient or the patient’s physician, or elective health care. For purposes of this policy, UW Health reserves the right to determine, on a case-by-case basis, whether the care and services provided to a patient meet the definition and standard of “medically necessary” for the purpose of eligibility for financial assistance.
- H. **Medically Urgent:** Patient has an acute injury or illness that poses and immediate risk to the person’s life, limb, or sight. Care cannot be delayed, or patient safety would be compromised.
- I. **Patient:** For purposes of this policy, patient will be defined as person responsible for the payment of the bills which sometimes will be the guarantor of the account.
- J. **Reasonable Efforts:** The actions UW Health takes to determine whether a patient is eligible for financial assistance under UW Health’s FAP before engaging in extraordinary collection actions. Reasonable efforts may include making presumptive determinations of eligibility for full or partial assistance, as well as providing individuals with written and oral notifications about the FAP and application processes, consistent with this policy.
- K. **Third Party Payers** - Any party issuing payment on behalf of a patient to include but not limited to: insurance companies, Workers’ Compensation, governmental plans such as Medicare and Medicaid, State/Federal Agency plans, Victim’s Assistance, etc., or third-party liability resulting from automobile or other accidents.
- L. **Underinsured:** Insured patients whose out-of-pocket medical costs exceed their ability to pay.
- M. **Uninsured:** Patients with no insurance or third-party assistance to help resolve their financial liability to healthcare providers for a particular service.

III. POLICY ELEMENTS

This policy describes the billing, payment and collection processes applicable to services provided to UW Health patients. After patients have received services, it is UW Health’s goal to bill patients and applicable payers accurately and in a timely manner. During this billing and collections process, UW Health staff and its agents will provide quality customer service and timely follow-up. Consistent with

these commitments, UW Health acts in accordance with this billing and collection policy to comply with (a) the Centers for Medicare & Medicaid Services Medicare Bad Debt Requirements (42 CFR § 413.89), (b) the Medicare Provider Reimbursement Manual (Part I, Chapter 3), (c) the Internal Revenue Code Section 501 (r), and (d) other applicable law. From time to time UW Health may make exceptions to this policy as deemed appropriate by the UW Health Vice President of Revenue Cycle (in consultation with the UW Health Chief Financial Officer).

IV. PROCEDURE

A. Patient Billing Practices

1. All patients will be billed for any balances after insurance and will receive a statement as part of the organization's normal billing process. Patients may request an itemized statement for their accounts at any time.
2. UW Health will identify patients eligible for its FAP, and will bill patients at the discounted rate in which they have qualified for the program.
3. For insured patients, UW Health will bill applicable third-party payers based on information provided by or verified by the patient. Insured patients will be billed for their respective liability amounts as determined by the third-party payer and/or UW Health.
4. UW Health may approve payment plan arrangements for patients who indicate they may have difficulty paying their balance in a single installment. UW Health is not required to accept patient-initiated payment arrangements and may refer accounts to a collection agency as outlined below if the patient is unwilling to make acceptable payments or has defaulted on an established payment plan.
5. UW Health may provide any written notice or communication described in this policy electronically to any patient. All patients will receive mailed written communication prior to any ECAs.

B. Collections Practices

1. UW Health will provide reasonable options for patients who are making a good faith effort to pay their bills. However, UW Health expects patients to pay the amounts due for health care services provided, and will pursue collections when necessary. In compliance with relevant state and federal laws, and in accordance with the provisions outlined in this policy, UW Health may engage in collection activities—including ECAs—to collect outstanding patient balances. UW Health may:
 - a. Initiate general collection activities, such as statements, letters and/or follow-up calls.
 - b. Refer patient balances to a third party for collection at the discretion of UW Health. UW Health will maintain ownership of any debt referred to debt collection agencies. Patient accounts will be referred for collection under the following circumstances:
 - i. There is a reasonable basis to believe the patient owes the debt.
 - ii. Known third-party payers have been properly billed, and the remaining debt is the financial responsibility of the patient.
 - c. Prevent a patient who has outstanding balances in bad debt from scheduling non-urgent or non-emergent services unless prepayment for these future services has been obtained.
2. UW Health will not:
 - a. Refer a balance for collection while a claim on the account is still pending payer payment. However, UW Health will attempt to resolve the balance with the third-party payor and engage patients in their account resolution as needed. However, after exhausting reasonable efforts, (e.g. appeals, payor outreach, state and federal agencies, etc) UW Health may assign financial liability for any outstanding third-party balances to the patient.

- b. Knowingly refer accounts for collection due to a UW Health error.
 - c. Refer accounts for collection when the patient has a pending application for financial assistance or other UW Health-sponsored program provided the patient has complied with the timeline and information requests described in the application process.
- 3. Payment is expected in accordance with UW Health's Payment Collections Policy 2.39. UW Health's intent is to collect all forseen patient financial liabilities prior to the services being rendered or to proactively identify patients who need to set-up payment arrangements or need financial assistance to meet these financial obligations. This includes payment of co-pays, and co-insurance, and/or deductibles before or at the time of service. UW Health may also require full payment prior to rendering services from self-pay patients, insured patients, seeking care outside of their network and without prior authorization, or other cases outlined in Policy 2.39
 - a. UW Health accepts cash, checks, and credit or debit cards as forms of payment.
 - b. Payment in full of the account balance is due 21 days after receiving the first bill.
 - c. Payment plans may be arranged if a patient cannot pay in full. Arrangements longer than 12 months may require submission of a Financial Assistance application for consideration.
 - d. If a patient check is returned to UW Health for insufficient funds, a returned check fee will be applied to the outstanding balance.
- 4. UW Health will not engage in ECAs against a patient to obtain payment for care until making reasonable efforts to make the patient aware of the availability of financial assistance and the process for applying for financial assistance. Once reasonable efforts have been exhausted, ECAs taken by UW Health or a third party agency against a patient related to obtaining payment of a bill for care covered under UW Health's FAP may include:
 - a. Reporting unpaid accounts to consumer credit reporting agencies or credit bureaus.
 - b. Actions that require a legal or judicial process, including but not limited to:
 - i. Filing judicial or legal action;
 - ii. Commencing a civil action against a patient;
 - iii. Garnishing of wages; and
 - iv. Obtaining judgment liens and executing upon such judgement liens using lawful means of collection.
 - c. Preventing a patient who has outstanding balances in bad debt from scheduling non-urgent or non-emergent services unless prepayment for these future service has been obtained.
- 5. UW Health may begin ECAs at least 120 days after providing the first post-discharge billing statement to a patient. In addition, UW Health shall do the following at least 30 days before initiating ECAs:
 - a. Provide the patient with a written notice (ECA Notice) indicating the availability of financial assistance, listing potential ECAs that may be taken to obtain payment for care, and giving a deadline after which ECAs may be initiated.
 - b. Provide a plain-language summary of the FAP to the patient.
 - c. Attempt to notify the patient orally about their balances, make payment arrangements and/or discuss the FAP and how he or she may obtain assistance with the application process.
- 6. If a patient's eligibility for financial assistance is undetermined, then UW Health will refrain from initiating ECAs for at least 120 days from the date of the patient's first post discharge billing statement, and no earlier than the deadline provided to the patient in the

ECA Notice. In addition:

- a. If a patient submits a complete financial assistance application at any time within the FAP application period, then UW Health or its debt collection agency must suspend any ECAs, determine the patient's eligibility for financial assistance, and notify the patient whether financial assistance is available.
 - i. If the patient is eligible for financial assistance but not eligible for free care, then UW Health must provide the patient with a statement indicating the amount that the patient owes.
 - ii. If the patient is eligible for financial assistance, UW Health will reverse any previously taken ECAs, and refund any amount on any open accounts that he or she has paid for care over and above the approved discount within the past 8 months, unless amount is less than \$5.
 - b. If the patient submits an incomplete FAP within the application period, UW Health will notify the patient the application is incomplete and suspend any ECAs for 30 days until the patient completes the financial assistance application, returns any outstanding documents and UW Health determines that the patient is eligible. If the application remains incomplete after 30 days from the date of notification UW Health may initiate ECAs.
7. For patients who have had multiple episodes of care, UW Health may satisfy the notification requirements under this policy simultaneously. If UW Health aggregates a patient's outstanding bills for multiple episodes of care, it may not initiate the ECA(s) until after the application period for the most recent episode of care.
 8. In addition, UW Health will have made reasonable efforts to determine whether an individual is FAP eligible for care if upon receiving a complete FAP application from an individual who the hospital believes may qualify for Medicaid, the hospital postpones determining whether the individual is FAP eligible for care until the individual's Medicaid application has been completed, submitted and a determination as to the individual's Medicaid eligibility has been made.
 9. If a patient has any outstanding balances, in bad debt, for previously provided care, UW Health may engage in the ECA of deferring care or requiring prepayment before providing additional medically necessary (but non-emergent) care only when:
 - a. UW Health makes a reasonable effort (as described above) to notify the individual both orally and in writing about the financial assistance policy and explains how to receive assistance with the application process.
 - b. UW Health processes on an expedited basis any FAP applications for previous care received within the stated deadline.

C. Financial Assistance

1. Patients with incomes up to and including 500% of the FPL may be eligible for higher discounts through the UW Health FAP. See separate Financial Assistance Policy 2.16 for additional information.

D. Customer Service

1. The UW Health Revenue Cycle staff seeks to provide the highest quality service to our customers. It is important that UW Health customers see us as an organization that is friendly, knowledgeable, flexible, and reliable. UW Health Revenue Cycle tries to listen to, anticipate, recognize, and satisfy UW Health's customer's needs, with the goal of improving collections while demonstrating commitment to Patient- and Family-Centered Care through respect, knowledge, responsiveness, and courtesy.
2. Staff will make best efforts to respond to and document patient inquiries according to these service standards:
 - a. Correspondence - Follow-up within 3 business days from receipt of correspondence

- b. Patient Email - Follow-up within 1 business day
- c. MyChart Messages - Follow-up within 1 business day
- d. Phone/Voice Mail – Return calls the same working day when possible

E. Regulatory Requirements

- 1. In implementing this policy, UW Health shall comply with all other federal, state, and local laws, rules, and regulations that may apply to activities conducted pursuant to this policy.

V. FORM

UW Health Financial Assistance Application

VI. REFERENCES

- A. UW Health Administrative Policy 2.16-Financial Assistance Policy
- B. UW Health Administrative Policy 2.39-Payment Collections Policy

Related Law

Wis. Stat. s.233.04(3b)(a)(1)
26 .F.R. 501(r)-4

VII. Adoption of this Policy by UW Health Affiliates

When this policy is adopted by an affiliate of UW Health, all references to “UW Health” in this policy shall be references to that particular affiliate. Each UW Health affiliate adopting this policy is responsible for its own compliance with the terms of this policy.

VIII. COORDINATION

Sr. Management Sponsor: SVP, Chief Financial Officer
Author: VP, Revenue Cycle
Reviewers: Director, Revenue Cycle, Director, Patient Access

Approval Committee: UW Health Administrative Policy and Procedure Committee
University of Wisconsin Hospitals and Clinics Authority Board

SIGNED BY

Elizabeth Bolt
UW Health Chief Operating Officer