

Title: Patient Billing

1. PURPOSE

This document explains the reasons behind SPECIALIZED PATHOLOGY LABORATORIES Patient billing policy for:

- Patient with balances after primary insurance pays SPECIALIZED PATHOLOGY LABORATORIES.
- Patients without insurance.
- Patients receiving payments directly from Insurance Carriers.

In addition, staff uses this policy to describe how SPECIALIZED PATHOLOGY LABORATORIES bills residual balances (co-payments & deductibles) that Governmental and non-Governmental Payors consider to be patient responsibility and according to Federal, State regulations and/or according to contractual relationships must be billed to Patients. (Several States issue advisory positions on the collection of co-payments and deductibles)

Finally, this procedure establishes how a patient's account is referred to collection policy or is eligible for bad debt.

2 SCOPE

This procedure defines the range of instances where Patients are billed.

Criteria for Governmental and/or non-Governmental claims transferred to a patient bill:

2.1 After determining a deductible or co-payment balance from an Explanation of Benefit (EOB), SPECIALIZED PATHOLOGY LABORATORIES bills the remaining balance to the patient or any secondary Payor on file for the balance. SPECIALIZED PATHOLOGY LABORATORIES follows all State Advisory guidelines established for Laboratories. This means that SPECIALIZED PATHOLOGY LABORATORIES cannot forgive these balances without justification.

2.2 Staff categorizes claims for Patient billing by adding Service Code 13 (Send Primary Complimentary Statement to Patient). Billing staff process the full

revenue cycle process. (Four statements in 30-day increments followed by a final letter).

2.3 Staff categories claims for secondary billing by adding Service Status Code 18 (Send Secondary Payor Complimentary Claim).

2.4 Termination of a Patient's Insurance plan before service rendered or after receiving a Payor denial. SPECIALIZED PATHOLOGY LABORATORIES bills the patient unless the patient provides additional information regarding another billable source. Before billing to another Payor, Staff verifies the information. They can call the Patient directly or the Client. (Develop mechanism via Client Services).

2.5 The Insurance Plan does not cover the service provided by SPECIALIZED PATHOLOGY LABORATORIES (Commercial Carriers only) and staff exhausts all appeals. Many Payors require the Patient to sign a waiver of liability when billing for services not covered by a Plan.

2.6 Medicare Patients who sign an ADVANCED BENEFICARY NOTICE. (Covered in the Claims Submission Policy). Staff tags claims with Service Code 7.

2.7 Insurance Carrier pays claim directly to patient. Accordingly SPECIALIZED PATHOLOGY LABORATORIES bills the patient. If patient does not reimburse SPECIALIZED PATHOLOGY LABORATORIES for the full amount of the payment plus any co-payment and co-insurance amounts, SPECIALIZED PATHOLOGY LABORATORIES refers account to our full service Collection Agency.

2.8 Patients without Insurance can qualify for SPECIALIZED PATHOLOGY LABORATORIES Patient Assistance Program if they meet prescribed income thresholds. In conjunction with referring Physician, SPECIALIZED PATHOLOGY LABORATORIES works with the Patient in qualifying for this Program.

Criteria for moving Accounts directly to bad debt:

2.9 Inability to contact a patient because of a bad address or disconnected telephone.

2.10 Deceased Patients who did not have any Insurance or an estate to pay for the cost of the test.

2.11 Any outstanding balance of \$100 or less than remains on the Aged Trial Balance for more than 15 months.

3.0 PROCEDURE

3.1 Patient Balances after cash posting: after posting cash, patients usually have a balance that is not covered by other insurance. These are co-pays and deductibles.

SPECIALTY PATHOLOGY LAB bills patients directly for these balances. Staff enters Service Staff Code 27.

3.2 PATIENT DOES NOT HAVE INSURANCE: Staff reviews all source documentation to ensure that patient does not have a primary financial source.

Staff mails Invoice to patient and enters comment into the AR System with the appropriate Service Status Code 8.

Staff makes a follow up call to patient within 10 business days to determine if patient received invoice (if the patient did not receive the invoice then the Collector will verify the patient's address and re-mail) or if the Patient has an alternate billing source. If they do, the insurance is verified and the Service Status Code is changed to 3.

Staff determines if the patient is willing to make payment. Patients with a payment plan are tagged with Service Status Code 27.

Staff can offer Patients without insurance payment plans. Collectors can offer discounts of up to 25% to patients. Payment must be made within 10 business days.

The Billing Manager must authorize discounts between 26% 50%. The Director of Finance must authorize discounts over 50% of list charges. All documentation on discounts and payment terms reside in a separate Patient folder in the department. Patients void this arrangement if payments are not received within the prescribed time limits and accounts become eligible for an Outside Agency to continue the collection process.

Collectors can also offer payment terms based on the financial needs of the patient. As a guideline, patients must fall into specific thresholds based on the Federal Government Poverty standards to qualify for reduced pricing. On the other hand, SPECIALIZED PATHOLOGY LABORATORIES can mirror any payment arrangement that the Referring Physician has with the patient. SPECIALIZED PATHOLOGY LABORATORIES needs confirmation from the Physician in order to provide this option. They keep this information in the department for future reference.

Payment plan should be no longer than six months in total: equal installments in set dollar amounts spread over a six-month period. The Manager and Director of Finance must approve terms greater than six months.

If patient does not make payment or fails to respond to a request for additional information within 10 days from initial contact, then Staff starts the collection process. Failure to resolve this account after the completion of the Patient Statement cycle results in a final letter sent to the Patient. This letter states that failure to make payment, or to provide Insurance information, will result in a referral for this account to an outside Collection Agency.

3.3 PATIENT PAID DIRECTLY BY PAYOR: Once this is identified, patients are mailed a letter advising them of their debt to SPECIALIZED PATHOLOGY LABORATORIES. Service Status Code 7: Patients failing to respond are sent to the SPECIALIZED PATHOLOGY LABORATORIES Collection Agency within 15 days.

3.4 PAYMENT PLANS/PATIENT ASSISTANCE PROGRAMS: SPECIALIZED PATHOLOGY LABORATORIES establishes criteria (according to adherence of the Anti-kickback Law) for patients qualifying under the Federal Government Poverty Standards. Assigned staff collects data required to substantiate financial hardship. Staff can also have the patient direct them to a family member who can provide that information or help verify this information. Payments arrangements must mirror those established by the Referring Physician for any Patient eligible under an Indigent Care Program.

3.5 OTHER PATIENT BILLING: If the patient leaves an Estate, the Collector obtains the name and address of the Executor and submits the invoice for payment. Collector selects Service Status Code 27 and follows up accordingly.

After 30 days of inactivity, Staff transfers the account to the appropriate Collection account.

3.6 PATIENT REFERRALS TO COLLECTION AGENCY: SPECIALIZED PATHOLOGY LABORATORIES outsources the unpaid amount to an Agency acting as an extension of our Business Office if Patient has responsibility and account has no activity for 120 days. They continue collection efforts using standards and methods agreed to by SPECIALIZED PATHOLOGY LABORATORIES. If the account remains uncollected after a predetermined timeframe, and the Outsourcing Agency exhausts all activities, they recommend to SPECIALIZED PATHOLOGY LABORATORIES that the account is uncollectable. They formally notify SPECIALIZED PATHOLOGY LABORATORIES.

The BILLING DEPARTMENT keeps this information, on a patient level, in a central location. In the event of an outside audit, SPECIALIZED PATHOLOGY LABORATORIES centralizes all documentation. SPECIALIZED PATHOLOGY LABORATORIES keeps this information for two years on the premises and then ships it to an offsite storage location where the Billing Office can easily retrieve it.

If the Outsourcing Agency determines that the account is uncollectible, SPECIALIZED PATHOLOGY LABORATORIES decides if further collection efforts are necessary. If the account is classified as bad debt, it is adjusted off the active AR System into a Collection account.

- i. The Director of Financial decides if accounts are sent to a full service Collection Agency, or
- ii. SPECIALIZED PATHOLOGY LABORATORIES determines to process the invoice as bad debt.

3.7 WRITE OFFS TO BAD DEBT: Staff processes the invoice from the Accounts Receivable System by completing a Bad Debt Write off and Adjustment Form. Signatures are required for all processed Forms:

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- i. Patient amounts: \$1 - \$200 = Collection Staff
- ii. Patient amounts: \$201 – \$500 = Manager
- iii. Patient Amounts: \$501 to \$1000 = Director of Finance
- iv. Patient Amounts: > \$1,001 President/COO

3.8 COLLECTION CONTROLS: Staff identifies all primary and secondary Patient bills from the Aging Reports. Tools used by the Collection Manager at ORS are the Collection Worklist and Accounts Receivable Aged Trial Balance aging report using the Reason/Action Codes as criteria to identify the different

balance types for staff. Full balance claims must be research from patient Registration to determine if primary insurance exists for this patient.

Options for ORS to either send the patient a letter requesting this information or ORS forwards this information to SPECIALIZED PATHOLOGY LABORATORIES to evaluate the next logical action.

3.8 PATIENT REFUNDS: Staff identifies a credit balance that qualifies for a refund to patient or insurance company. ORS Provides documentation to CLIENT sufficient for CLIENT to confirm appropriateness of REFUND. CLIENT issues REFUND to patient or insurance company and provides documentation to ORS. ORS makes the appropriate notation in patient billing record.

4.0 APPLICABLE FORMS

- Write Off/Adjustment Form

SPECIALTY PATHOLOGY LAB ADJUSTMENT FORM	
WRITE OFF /ADJUSTMENTS	
Patient	
Date	
Acct #	
Invoice #	
PAYOR	

Date of Service	
ADJUSTMENT \$	
Invoice Amount	
Write Off/Adjustment reason	
Reasons	
ADJ Code	
BILLING REP	
Supervisor/Manager	
Director	

5.0 ATTACHMENTS

- Collection Letters

LETTER #1

Dear Patient,

This is just a friendly reminder that your account with us is past due. Our records indicate you have an Overdue Amount of \$«Customer_Aging_Category_1_Summary». The following invoices are overdue:

«Customer_Aging_Category_1_Detail»

Considering your excellent payment history, we're certain this is just an oversight on your part. I am sure we will receive your check within the next few days.

If you have already sent us your payment, please disregard this reminder. Thank you for your continued business.

Sincerely,

«Customer_Sales_Rep_Name»
«Company_Name»
«Company_Telephone_Number»
«Company_Full_Address»

LETTER # 2

Dear Patient,

This is our second attempt to collect this past due balance on your account. If this is a mistake or you have other insurance, we would be more than happy to bill it on your behalf. Our records indicate you have an outstanding balance of \$«Customer_Aging_Category_2_Summary» with the following invoices overdue:

«Customer_Aging_Category_1_Detail»

Please contact us so that we can begin with the resolution of this matter. If you have already sent us your payment, please disregard this reminder. Thank you for your continued business.

Sincerely,

«Customer_Sales_Rep_Name»
«Company_Name»
«Company_Telephone_Number»
«Company_Full_Address»

LETTER # 3

Dear Patient,

Your account with us is past due in the amount of \$«Customer_Aging_Category_3_Summary». Although we have sent you several reminders, we have received no response from you.

Please send us a check for the overdue amount or contact us so we can discuss bringing your account up to date. The past due amount includes the following transactions:

«Customer_Aging_Category_1_Detail»

If you have already sent us your payment, please disregard this reminder. Thank you for your continued business.

Sincerely,

«Customer_Sales_Rep_Name»
«Company_Name»

«Company_Telephone_Number»
«Company_Full_Address»

FINAL COLLECTION LETTER

Dear Patient,

Recently, we performed a very important diagnostic test requested by your Physician. We notified you of an outstanding balance, however, to date, we have not received payment for these services.

Before we send this our Collection Agency we would like to give you another opportunity to resolve this matter with a full payment or we can work together to establish a payment plan that meets both our needs.

Of course, if you have another insurance that we can bill that was not provided earlier we can attempt to bill them on your behalf. Otherwise, we need to resolve this matter within the next ten days or we will send your account to our Collection Agency for further action.

We regret that it has come to this but our inability to reach a mutually agreed solution leaves us little choice.

Again, please contact us so that we can avoid further action on your account.

Sincerely,

«Customer_Sales_Rep_Name»
«Company_Name»
«Company_Telephone_Number»
«Company_Full_Address»

- **DUNNING MESSAGES**

1

Thank you for allowing **CLIENT'S NAME** to serve you. If you would like us to bill your insurance directly, please send in a front and back copy of your insurance card to our billing department. Otherwise, your payment is due upon receipt of this bill. Thank You!

2

The balance on your account is now considered past due. Please send your payment today or contact our billing department immediately if you feel this bill is in error. Thank you!

3

You have continuously received notices regarding your outstanding balance due and your account is now considered seriously delinquent. Please forward your payment in full or contact our office if you feel this is in error or you need to make payment arrangements. Thank you!

4

You have failed to resolve your account despite our repeated requests for payment. You must make payment or contact our billing department within 10 days to avoid further collection activity with an external collection agency. Thank you!

For Payment Plan Accounts:

5

Thank you for your payment. Please send in your scheduled payment each month. If you are unable to do so please contact our office to avoid further collection activity. Thank you!

6

It appears that you have defaulted on your payment plan that you agreed to with our laboratory. Please send in your scheduled payment immediately to avoid further collection activity. Thank you!

6.0 REFERENCES

- **Federal Poverty Guideline**

The 2010 Poverty Guidelines for the 48 Contiguous States and the District of Columbia	
Persons in family	Poverty guideline
1	\$10,830
2	14,570
3	18,310
4	22,050
5	25,790
6	29,530
7	33,270
8	37,010
For families with more than 8 persons, add \$3,740 for each additional person.	
2010 Poverty Guidelines for	

Alaska

Persons in family	Poverty guideline
1	\$13,530
2	18,210
3	22,890
4	27,570
5	32,250
6	36,930
7	41,610
8	46,290

For families with more than 8 persons, add \$4,680 for each additional person.

2010 Poverty Guidelines for
Hawaii

Persons in family	Poverty guideline
1	\$12,460
2	16,760
3	21,060
4	25,360
5	29,660
6	33,960
7	38,260
8	42,560

For families with more than 8 persons, add \$4,300 for each additional person.

SOURCE: *Federal Register*, Vol. 75, No. 148, August 3, 2010, pp. 45628–45629

- **Indigent Letter**

INDIGENT PATIENT AGREEMENT

This acknowledgment confirms that I have treated the indigent patient named _____. I understand that Indigent patient means any un-insured patient who is unable to pay the full cost of laboratory services without financial hardship.

I have discounted my bill to the indigent patient referred to in this acknowledgment form at the following rate _____. I request that the laboratory discount billing for laboratory services for this indigent patient at an equivalent rate.

I hereby confirm that I will not pursue further collection on my bill for this indigent patient. I further agree to make available to the laboratory for inspection, upon request, my billing records regarding indigent patients tested by the laboratory.

Client Name _____

- **Wavier of Liability (Billing for Non-Coverage Service)**

Billing for Non-Covered Services
<p>In the event that PAYOR X determines in advance that a proposed service is not a covered service, a Physician or other Professional Provider may inform the Member/Subscriber in writing in advance of the service rendered. The Member/Subscriber must acknowledge this disclosure in writing and agree to accept the stated service as a non-covered service billable directly to the Member/Subscriber.</p> <p>To clarify what the above means - if you contact PAYOR X and find out that a proposed service is not a covered service - you have the responsibility to pass this along to your patient (our Member/Subscriber). This disclosure protects both you and the Member/Subscriber. If the Member/Subscriber decides for the proposed non-covered service to be rendered then the Member/Subscriber is responsible for payment to you of the non-covered service.</p> <p>Please note that services denied by PAYOR X due to bundling or other claim edits may not be billed to Member/Subscriber even if the Member/Subscriber has agreed in writing to be responsible for such services. Such services are Covered Services but are not payable services according to PAYOR X claim edits.</p>

Waiver of Liability
Authorization to Perform Non-Covered Services

[Provider/Practice Name]

[Identify Non-Covered Service]

1. I have requested that my physician perform _____ [describe service in detail].

2. I understand that the _____ [service] may not be medically necessary, and therefore, would not be covered by my insurance company. As such, I will be responsible to pay for the _____ [service].

3. The amount I will pay my physician for the _____ [service] is _____[\$].

4. My signature below indicates that I agree to accept responsibility for payment for the _____[service] in the event that the service is not deemed to be medically necessary.

Signature of Patient

Date

Printed Name of Patient

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