

# MERCY MEDICAL CENTER

## Credit and Collections Policy and Procedures

Revised: 01/2022

### Philosophy

Mercy Medical Center (“MMC”) provides and promotes health services for the people of Baltimore of every creed, color, economic and social condition.

### General Principles

All MMC employees and representatives will treat all patients with dignity and respect regardless of their ability to pay.

The Maryland Health Services Cost Review Commission (“HSCRC”) and the Centers for Medicare and Medicaid Services (“CMS”) expect hospitals to collect payment from those persons who have the resources to pay their bills.

### Financial Assistance Policy Summary (see MMC’s separate Financial Assistance Policy for full details)

MMC provides emergency services to all patients without regard to their ability to pay for such services. MMC also accepts, within the limits of its financial resources, all patients requiring non-emergency hospital care without regard to their ability to pay for such services. These policies, however, do not preclude MMC from reviewing a patient’s ability to pay, the availability of insurance benefits, or the patient’s eligibility for the Maryland Medical Assistance Program. Free care will be provided for patients whose income level is at or below two (2) times the HHS poverty guidelines. In addition, patients may be eligible for partial financial assistance in the form of reduced-cost care on a sliding scale basis, for those incomes at or below 500% of the federal poverty guidelines. Other financial assistance may be available based on additional factors which are outlined in the MMC Financial Assistance Policy. The MMC Financial Assistance Policy is available on the Mercy website at: <https://mdmercy.com/about-mercy/policies-and-corporate-documents>.

A patient’s need for financial assistance shall be re-evaluated at each subsequent time of service if the last financial evaluation was performed more than 12-months prior. To avoid an unnecessary duplication of MMC’s determinations of eligibility for financial assistance, a patient who has received a financial assistance determination in the prior year shall inform MMC of the prior determination. A patient must also notify MMC if about any change in financial circumstances that occurs within 240 days after the initial hospital bill is provided or if additional information regarding the patient’s eligibility becomes known.

A patient who disagrees with a determination by MMC that the patient is not entitled to financial assistance, or who has a change in financial circumstances within 240 days after the initial hospital bill is provided, may contact MMC using the contact information provided in the determination letter and request MMC reconsider such denial. Patients determined to be eligible for financial assistance subsequent to the date of service may be eligible for a refund of payments

## **Credit and Collections Policy and Procedures (cont'd)**

made, as described in the “Actions for Patients Later Determined to Be Eligible for Financial Assistance - *Refunds*” Section below.

### **Patients Rights and Obligations**

MMC encourages patients to seek information and / or assistance related to their financial obligations. Each patient’s circumstance is unique, but all patients have similar rights and obligations. Patients’ rights include the right to apply for financial assistance or Medical Assistance, to request a copy of MMC’s Financial Assistance Policy, and to have a contact to discuss billing questions or concerns. Patients’ obligations include the need to provide accurate and timely information to MMC, to cooperate with MMC/State personnel if financial assistance or Maryland Medical Assistance is sought and, to satisfy their financial obligations.

### **Liability of Persons Other than the Patient for a Medical Debt**

A patient, or a parent or legal guardian of a patient under the age of 18, is responsible for the patient’s own medical debt. A spouse or other individual may not be held liable for the debt owed on a hospital bill of an individual who is at least 18 years old. However, an individual may voluntarily consent to assume liability for the debt owed on a hospital bill of another patient if the consent is:

- (1) Made on a separate document signed by the individual;
- (2) Not solicited in an emergency room or during an emergency situation; and
- (3) Not required as a condition of providing/receiving any emergency or nonemergency health care services.

### **Requirements for MMC’s Debt Collectors**

MMC authorizes a select few debt collection vendors (“Debt Collectors”), including early-out vendors and collection agencies, to act on its behalf related to collection activities. MMC enters into written agreements with these Debt Collectors that specify the collection activities to be performed by the Debt Collector. MMC expects all Debt Collectors acting on its behalf to act responsibly and professionally. Debt Collectors, who are acting on MMC’s behalf, are required to comply with all applicable provisions of this Policy and MMC’s Financial Assistance Policy. MMC also specifies the procedures the Debt Collector must follow if a patient appears to qualify for financial assistance. When a patient is found to be eligible for free care the Debt Collectors will be notified of the write off and it will be requested at that time to have any and all adverse information removed from any reports that have been made to consumer reporting agencies. In addition, all Debt Collectors must comply with all state and federal regulations including the Fair Debt Collection Practices Act (“FDCPA”) and the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”).

All Debt Collectors must provide a mechanism for patients to make a complaint, and forward any received complaints to MMC. MMC will oversee its Debt Collectors’ by reviewing collection policies/procedures periodically, investigate patient complaints, and review their performance. If MMC determines that a Debt Collector does not perform up to the standards of MMC, the relationship may be terminated. MMC requires Debt Collectors to be jointly and severally responsible for meeting Maryland law governing hospitals’ debt collection practices available at Maryland Code, Health-General § 19-214.2.

## Credit and Collections Policy and Procedures (cont'd)

### Typical MMC Collections Process

All patients with self-pay balances are billed. "Self-pay balances" are defined as the patient's financial responsibility, as determined by insurance coverage, and after the availability of financial assistance has been determined. Patients will receive bills at the earlier of the end of MMC's regular billing period, or upon discharge or dismissal from MMC. Patients are expected to satisfy their financial obligation within one hundred twenty (120) days of receipt of the initial bill. If the obligation is not satisfied, other collection efforts may be employed, including additional statements, telephone calls, placement of account with a Debt Collector, and filing of a civil action to collect the debt.

Prior to engaging in any of the collections efforts described in this Policy, MMC takes reasonable efforts to determine if a patient is eligible for financial assistance under its Financial Assistance Policy. These efforts are described in more detail in the MMC Financial Assistance Policy, and include but are not limited to notifying patients about the availability of financial assistance, evaluating a patient's federal poverty level score to determine presumptive eligibility for financial assistance, and assisting with the application process for financial assistance. MMC does not engage in any collections activities while a patient's financial assistance eligibility is being determined. Depending on the patient's financial situation and willingness to cooperate, payment plans may also be available as described in the "Payment Plans" section below.

In order for a patient account to be transferred to bad debt and outsourced to a collections agency Debt Collector, one of the following criteria must be met:

- (1) The patient has been sent three (3) billing statements, (approximately 120 days from the date of service or from the date of the insurance payment), and the patient has not contacted MMC's Patient Accounting Department or made a payment toward satisfying the account;
- (2) The patient has not cooperated with MMC's Patient Accounting Department's request for necessary financial information to determine the patient's obligation for the bill or completed a timely Medical Assistance application; or
- (3) Billing statements have been returned to MMC and other methods to locate the patient have failed.

If one of the above-listed criteria is met, MMC's Patient Accounting Department reviews the note associated with the patient's account and attempts to resolve any outstanding issues. Prior to outsourcing an account to a Debt Collector, MMC also:

- (1) Excludes accounts of Religious Priests, Sisters or Brothers;
- (2) Excludes accounts when the patient's address is a shelter;
- (3) Refers all accounts over \$2,500 for review by the Collections Manager; and
- (4) Refers accounts over \$10,000 for review by the Director of Patient Accounting.

Once MMC determines that an account meets the criteria for transfer to a Debt Collector, Mercy directs its Debt Collectors to take additional review steps prior to commencing any civil suit against the patient. An account will be considered eligible for suit, if:

## Credit and Collections Policy and Procedures (cont'd)

- (1) The account has a balance (or cumulative balance) of \$500 or more;
- (2) Legal counsel has reviewed the patient's employer, likely income, their assets, outstanding liabilities, etc.; and
- (3) The Director of Patient Accounting has reviewed and approved the suit if the account has balances resulting from co-pays and or deductibles of \$500 and above.

MMC retains full discretion over the determination to commence a civil action against a patient for non-payment, and abides by the applicable limitations on civil actions set forth in this Policy.

### **Interest or Fees**

MMC and its Debt Collectors will not charge interest or fees on any debt incurred on or after the date of service by a patient who is eligible for free or reduced-cost care under MMC's Financial Assistance Policy.

MMC and its Debt Collectors will not collect additional fees in an amount that exceeds the HSCRC's approved charge for the hospital service on a bill for a patient who is eligible for free or reduced-cost care under MMC's Financial Assistance Policy.

### **Payment Plans**

MMC and its Debt Collectors will provide in writing to each patient who incurs medical debt information about the availability of an installment payment plan for the debt. This information will be provided to the patient, the patient's family, the patient's authorized representative, or the patient's legal guardian: (1) before the patient is discharged; (2) with the hospital bill; (3) on request; and (4) in each written communication to the patient regarding collection of hospital debt.

MMC and its Debt Collectors will not file a civil action against a patient on a debt owed until MMC has established and implemented a payment plan policy that complies with the guidelines developed by the HSCRC. HSCRC shall issue guidelines for an income-based payment plan offered by hospitals that includes:

- (1) The amount of medical debt owed to the hospital;
- (2) The duration of the payment plan based on a patient's annual gross income;
- (3) Guidelines for requiring appropriate documentation of income level;
- (4) Guidelines for the payment amount that:
  - A. May not exceed 5% of the individual patient's federal or State adjusted gross monthly income; and
  - B. Shall consider "financial hardship," which means medical debt incurred by a family over a 12-month period, that exceeds 25% of family income;
- (5) Guidelines for:
  - A. The determination of possible interest payments for patients who do not qualify for free or reduced-cost care, which may not begin before 180 days after the due date of the first payment; and
  - B. A prohibition on interest payments for patients who qualify for free or reduced-cost care;

## Credit and Collections Policy and Procedures (cont'd)

- (6) Guidelines for modification of a payment plan that does not create a greater financial burden on the patient; and
- (7) A prohibition on penalties or fees for prepayment or early payment.

Until HSCRC issues its payment plan guidelines, MMC will use the criteria set forth above when implementing payment plans.

MMC will deem a patient to be compliant with a payment plan if the patient makes at least 11 scheduled monthly payments within a 12-month period. If a patient misses a scheduled monthly payment, the patient must contact MMC at (410) 951-1700 and select option 5, and identify a plan to make up the missed payment within one year after the date of the missed payment. MMC may, within its discretion, decide to waive any additional missed payments that occur within a 12-month period and allow the patient to continue to participate in the income-based payment plan and not refer the outstanding balance owed to a Debt Collector or for legal action. MMC and the patient may mutually agree in writing to modify the terms of a payment plan.

MMC will document that it attempted in good faith to meet the requirements of this subsection and the HSCRC's guidelines and/or payment plan criteria above before it:

- (1) Files a civil action to collect a debt owed on a hospital bill by a patient; or
- (2) Delegates collection activity to a Debt Collector for a debt owed on a hospital bill by a patient.

This Section does not prohibit MMC from using an eligibility vendor to provide outreach to a patient for purposes of assisting the patient in qualifying for financial assistance.

### **Reports to Consumer Reporting Agencies and Limitations when an Insurance Appeal or Request for Reconsideration is Pending**

MMC and its Debt Collectors will not report adverse information about a patient to a consumer reporting agency or commence civil action against a patient for nonpayment for at least 180 days after issuing an initial patient bill. MMC and its Debt Collectors will report the fulfillment of a patient's payment obligation within 60 days after the obligation is fulfilled to any consumer reporting agency to which the hospital had reported adverse information about the patient. MMC and its Debt Collectors will not report adverse information to a consumer reporting agency regarding a patient who at the time of service was uninsured or eligible for free or reduced-cost care under MMC's Financial Assistance Policy.

MMC will not report adverse information about a patient to a consumer reporting agency, commence a civil action against a patient for nonpayment, or delegate collection activity to a Debt Collector:

- (1) If MMC is notified in accordance with federal law by the patient or the insurance carrier that an appeal or a review of a health insurance decision is pending within the immediately preceding 60 days; or
- (2) If MMC has completed a requested reconsideration of the denial of free or reduced-cost care that was appropriately completed by the patient within the immediately preceding 60 days.

## **Credit and Collections Policy and Procedures (cont'd)**

If MMC or its Debt Collector has reported adverse information about a patient to a consumer reporting agency, they will instruct the consumer reporting agency to delete the adverse information about the patient:

- (1) If MMC was informed by the patient or the insurance carrier that an appeal or a review of a health insurance decision is pending, and until 60 days after the appeal is complete; or
- (2) Until 60 days after MMC has completed a requested reconsideration of the denial of free or reduced-cost care.

### **Actions for Patients Later Determined to be Eligible for Financial Assistance**

#### ***Refunds***

If, within two years after a patient's date of service, a patient or the guarantor of a patient is found to have been eligible for free care on the date of service, MMC will provide a refund of the amounts collected from the patient or the patient's guarantor. MMC may reduce the two-year refund period to 240 days after the initial bill was provided if MMC requests information from a patient or guarantor of a patient to determine the patient's eligibility for free care, if MMC documents the lack of cooperation of the patient or guarantor in providing the requested information. If a patient is enrolled in a means-tested government health care plan that requires the patient to pay certain out-of-pocket costs for hospital services, MMC shall provide a refund that complies with the terms of the patient's health plan.

#### ***Vacating Judgments and Requesting Consumer Reporting Agencies to Strike Adverse Information***

If MMC or its Debt Collector has obtained a judgment against or reported adverse information to a consumer reporting agency about a patient who later was found to be eligible for free care within 240 days after the initial bill was provided for which the judgment was awarded or the adverse information was reported, MMC or its Debt Collector will seek to vacate the judgment or ask the consumer reporting agencies to strike the adverse information.

### **Notice to Patient of Intent to File a Civil Action**

At least 45 days before filing a civil action against a patient to collect on the debt owed on a hospital bill, MMC or its Debt Collector will send written notice of the intent to file a civil action to the patient. The notice must:

- (1) Be sent to the patient by certified mail and first-class mail;
- (2) Be in simplified language and in at least 10 point type;
- (3) Include the following information:
  - A. The name and telephone number of: (1) MMC; (2) If applicable, the Debt Collector; and (3) An agent of MMC authorized to modify the terms of the payment plan, if any;
  - B. The amount required to cure the nonpayment of debt, including past due payments, penalties, and fees;
  - C. A statement recommending that the patient seek debt counseling services;

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- D. Telephone numbers and Internet addresses of the Health Education Advocacy Unit in the Office of the Attorney General, available to assist patients experiencing medical debt;
  - E. An explanation of MMC's financial assistance policy; and
  - F. Any other relevant information prescribed by the Commission; and
- (4) Be provided in the patient's preferred language or, if no preferred language is specified, each language spoken by a limited English proficient population that constitutes 5% of the population within the jurisdiction in which MMC is located as measured by the most recent federal census.
- (5) The notice must be accompanied by:
- A. An application for financial assistance under MMC's financial assistance policy, along with instructions for completing the application for financial assistance, and the telephone number to call to confirm receipt of the application;
  - B. The availability of a payment plan to satisfy the medical debt that is the subject of the hospital debt collection action; and
  - C. MMC's Patient Information Sheet/ Plain Language Summary regarding its Financial Assistance Policy.

If received, MMC or its Debt Collector will retain a copy of the patient's signed certified mail acknowledgment of receipt of the written notice of intent to file an action.

### **Pleadings in Civil Actions to Collect a Debt**

A complaint filed by MMC, or on its behalf by a Debt Collector or legal counsel, in an action to collect a debt owed on a hospital bill by a patient shall:

- (1) Include an affidavit stating:
- A. The date on which the 180-day period required after the initial bill was provided to the patient elapsed and the nature of the nonpayment;
  - B. That a notice of intent to file a civil action was provided to the patient in accordance with the requirements in the "Notice of Intent to File a Civil Action" Section above:
    - 1. Was sent to the patient and the date on which the notice was sent; and
    - 2. Accurately reflected the contents required to be included in the notice;
  - C. That MMC provided:
    - 1. The patient with a copy of the Patient Information Sheet/ Plain Language Summary regarding its Financial Assistance Policy in its notice of intent to file an action; and
    - 2. Notice of the financial assistance policy as documented by the patient's acknowledgment on the Patient Information Sheet/ Plain Language Summary, or through documentation that a copy of the Patient Information Sheet was provided upon admission, with the hospital bill, on request, and/or in each written communication to the patient regarding collection of the hospital bill.
  - D. That MMC made a determination regarding whether the patient is eligible for financial assistance under its Financial Assistance Policy; and
  - E. That MMC made a good-faith effort to meet the requirements in the "Payment Plan" Section of this Policy; and
- (2) The Affidavit must be accompanied by:
- A. The original or a certified copy of the hospital bill;

## **Credit and Collections Policy and Procedures (cont'd)**

- B. A statement of the remaining due and payable debt supported by an affidavit of MMC, or the agent or attorney of MMC;
- C. A copy of the most recent bill sent to the patient;
- D. If the defendant is eligible for federal Service Members Civil Relief Act benefits, an affidavit that the hospital is in compliance with the Act;
- E. A copy of the notice of intent to file an action on a hospital bill that was sent to the patient; and
- F. A copy of the patient's signed certified mail acknowledgment of receipt of the written notice of intent to file an action, if received by MMC or its Debt Collector.

### **Prohibited Practices and Limitations on Civil Actions**

The following actions are prohibited under any circumstances, whether performed by MMC employees or its Debt Collectors:

- (1) Sale of debt;
- (2) Charging patients interest prior to a court judgment being obtained;
- (3) Forcing sale or foreclosure on the patient's primary residence to collect debt owed on a hospital bill;
- (4) Requesting a lien against a patient's primary residence in an action to collect debt owed on a hospital bill;
- (5) Reporting a patient to a consumer reporting agency within 180 days after the initial bill is provided;
- (6) Filing an action against a patient to collect a debt owed on a hospital bill or giving notice to the patient of such action, in accordance with the Section above "Notice of Intent to File a Civil Action," until at least 180 days after the initial bill was provided;
- (7) In a civil action to collect the debt owed on a hospital bill, MMC may not request the issuance of or otherwise knowing take action that would cause the court to issue a body attachment or arrest warrant against a patient;
- (8) If a patient is eligible for free or reduced cost care under MMC's Financial Assistance policy, MMC may not request a writ of garnishment of wages or file an action that would result in an attachment of wages against a patient in order to collect debt owed on a hospital bill;
- (9) If a deceased patient is known by MMC to have been eligible for free care under MMC's Financial Assistance Policy or if the value of the patient's estate after tax obligations are fulfilled is less than half of the debt owed on a hospital bill, MMC may not make a claim against the estate of a deceased patient. MMC may allow the family of the deceased patient to apply for financial assistance; and
- (10) Collecting additional fees in an amount that exceeds the HSCRC's approved charge for the hospital service on a bill for a patient who is eligible for free or reduced-cost care under MMC's Financial Assistance Policy.

### **Submission of Policy and Reports to HSCRC**

MMC shall annually submit to the HSCRC:

- (1) A copy of this Policy at the time specified by HSCRC; and
- (2) A report including:



## **Credit and Collections Policy and Procedures (cont'd)**

- A. The total number of patients by race or ethnicity, gender, and zip code of residence against whom MMC, or a Debt Collector used by MMC, filed an action to collect a debt owed on a MMC hospital bill;
- B. The total number of patients by race or ethnicity, gender, and zip code of residence with respect to whom MMC has and has not reported or classified a bad debt; and
- C. The total dollar amount of the charges for hospital services provided to patients but not collected by MMC for patients covered by insurance, including the out-of-pocket costs for patients covered by insurance, and patients without insurance.

HSCRC will post each hospital's debt collection policy and report on its website.

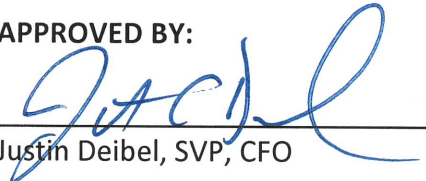
### **Questions or Complaints**

For questions related to this policy and procedures, or to file a complaint with MMC about MMC or one of its Debt Collectors, please call at 410-951-1700 and select option 5. A patient may also file a complaint directly with the Debt Collector using the contact information provided by such agency.

### **Policy Review**

MMC's Board of Directors must review and approve MMC's Financial Assistance and Credit and Debt Collection Policy and Procedures at least every two years and any amendments to such policies must also be approved by the Board.

**APPROVED BY:**

  
Justin Deibel, SVP, CFO

  
Terry Bednar, Director PFS