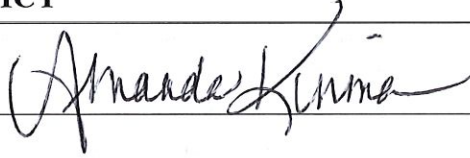
 <b>Ephraim McDowell</b> Health.	
<b>EMH SYSTEM-WIDE HOSPITAL POLICY</b> <b>EMRMC, EMFLH AND EMJBH</b>	<b>Policy #: EMH SWH 045</b>
<b>TITLE: BILLING AND COLLECTIONS POLICY</b>	
<b>APPROVAL SIGNATURES:</b>  <b>Executive V.P./C.F.O.:</b>	
	
<b>Origination Date:</b> 03/31/2016	<b>Approval Date:</b> 3/22/2022

**I. PURPOSE**

- A. This Billing and Collections Policy applies to each hospital that is owned and/or operated by Ephraim McDowell Health (“EMH”). This policy is intended to identify the actions that may be taken with respect to collection of charges for services provided to EMH patients. This policy also describes the process and time frames used in taking these collection actions, including the requisite “reasonable efforts” that must be taken to determine whether an individual is eligible for financial assistance before initiating “Extraordinary Collection Actions” (ECAs), as defined below, under the Financial Assistance Policy (“FAP”). This policy is intended to comply with the requirements imposed by Section 501(r) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.
  
- B. This policy will be effective upon adoption by the Finance Committee of the Board of Directors for each respective Hospital, acting in its capacity as the governing body for each Hospital. The committee will review this policy annually on behalf of each of the Hospitals.

**II. DEFINITIONS**

- A. Amounts Generally Billed (AGB) means the usual and customary charges for covered services provided to individuals eligible under the Financial Assistance Program, multiplied by the hospital-specific AGB percentage applicable to such services.
  
- B. Application Period means the period during which EMH must accept and process an application for financial assistance. The Application Period begins on the date the care is provided and ends on the 240<sup>th</sup> day after EMH provides the first post-discharge billing statement or the end of the Notification Period (defined below), whichever occurs later.
  
- C. Billing Deadline means the date after which EMH may initiate an ECA against a Responsible Individual who has failed to submit an application for financial assistance, has been determined to be ineligible for financial assistance, or has been

determined to be eligible for financial assistance but has a remaining balance after the application of any available discounts. The Billing Deadline will be specified in a written notice to the Responsible Individual provided at least 30 days prior to such deadline, but no earlier than the last day of the Notification Period.

- D. Completion Deadline means the date after which EMH may initiate or resume an ECA against a Responsible Individual who has submitted an incomplete financial assistance application if that individual has not provided the missing information and/or documentation necessary to complete the application. The Completion Deadline will be specified in a written notice to the Responsible Individual no earlier than the later of (1) 30 days after EMH provides the individual with this notice; or (2) the last day of the Application Period.
- E. Extraordinary Collection Action (ECA) means any action against an individual related to obtaining payment of a self-pay account that requires a legal or judicial process (including wage garnishment), involves reporting adverse information about the Responsible Individual to consumer credit reporting agencies or credit bureaus, sale of the Responsible Individual's debt to a third party, and/or deferring care. EMH may, at any time, attach liens to insurance (auto, liability, life and health) in connection with its collection process to the extent a third party liability insurance exists or file claims in any bankruptcy proceeding, because these legal actions are not considered to be ECAs.
- F. Financial Assistance means the free or discounted services provided to Responsible Individuals who have been determined to be eligible for such discounts under the FAP.
- G. Financial Assistance Policy (FAP) means Ephraim McDowell Health's Financial Assistance Policy, Policy Number: EMH SWH 044, which includes eligibility criteria, the basis for calculating charges, the method for applying the policy, the measures to publicize the policy, and sets forth the financial assistance program available to patients who meet certain income guidelines.
- H. Hospital means each state-licensed hospital facility owned and/or operated by EMH, including Ephraim McDowell Regional Medical Center, Ephraim McDowell Fort Logan Hospital and Ephraim McDowell James B Haggin Hospital at which the EMH Board of Directors has governing authority over the operations of such hospital.
- I. Notification Period means the period during which EMH must notify an individual about its FAP to have made "reasonable efforts" as defined in section III.F below, to determine whether the individual is eligible for financial assistance. The Notification Period begins on the first date care is provided to the individual and ends on the 120<sup>th</sup> day after EMH provides the individual with the first post-discharge billing statement for the care received. There must be sixty (60) days in

between the first and last notification during the Notification Period. ECAs will not be initiated during this period.

- J. Patient Account means one statement for accounts from Hospitals, physicians and home health services.
- K. Plain Language Summary means a summary that notifies an individual that EMH offers assistance under the Financial Assistance Program in language that is clear, concise, and easy to understand. The Plain Language Summary is attached in Exhibit A of the FAP.
- L. PFS means Patient Financial Services, the operating unit of EMH responsible for billing and collection of self-pay accounts for hospital and/or clinic services.
- M. Restriction Period means the timeframe during which ECAs may not be initiated. The Restriction Period begins on the date that the first post-discharge billing statement is provided and ends on the 120<sup>th</sup> day after the date of the first billing statement.
- N. Responsible Individual means the patient and any other individual having financial responsibility for a self-pay account. There may be more than one Responsible Individual.
- O. Self-Pay Account means that portion of a Patient Account that is the individual responsibility of the patient or other Responsible Individual, net of the application of payments made by any available healthcare insurance or other third-party payer (including co-payments, co-insurance, and deductibles), and net of any reduction or write off made with respect to such Patient Account after application of the Financial Assistance Program as applicable.

### **III. POLICY**

- A. Consistent with the terms of this policy, EMH may take legal action, including ECAs, to obtain payment for medical services provided.
- B. EMH will not engage in ECAs, either directly or indirectly, before “reasonable efforts” as defined in Section 501(r) of the Code and the corresponding regulations are made to determine if a Responsible Individual is eligible for financial assistance. EMH will not conduct ECAs during the Restriction Period. Decisions to initiate ECAs must be approved by the Supervisor of Patient Financial Services, the Business Office Director or the Chief Financial Officer.
- C. All patients will be offered copies of the plain language summary and an application for financial assistance before being discharged from the hospital.
- D. Notification Period Notices. During the Notification Period, at least three separate Patient Account statements (typically day 30, 60, and 90) for collection of patient

balances will be mailed to the last known address of each Responsible Individual before the end of the Notification Period. EMH will not be required to mail additional Patient Account statements after a Responsible Individual submits a complete application for financial assistance.

Notice Content. All Patient Account statements will include:

1. An accurate summary of the services provided by the hospital, physicians and home health services covered on the statement;
2. The charges for such services;
3. The amount required to be paid by the Responsible Individual (or, if such amount is not known, good faith estimates of such amount as of the date of the initial statement); and
4. A conspicuous written notice that informs the Responsible Individual about the availability of financial assistance, including both a telephone number of the office or department that can provide information about the FAP and FAP application process and the website where copies of the FAP, FAP application form (with instructions), and Plain Language Summary may be obtained.

Initiation Notice. Before engaging in, or resuming, any of the ECAs described in this Policy, each Hospital will issue a written notice to the last known address of each Responsible Individual that (I) describes the specific collection activities it intends to initiate (or resume) and (II) provides a deadline after which such action(s) will be initiated (or resumed). The Hospital will also make a reasonable effort to orally notify the Responsible Individual about the FAP and how he or she can get help with the application process. The Hospital may initiate ECAs no sooner than 30 days from the date on which it issues the ECA Initiation Notice either by mail or electronic mail.

Note: Itemized statements for hospital charges will be provided to the Responsible Individual upon request to PFS.

E. Presumptive Eligibility: If the patient or Responsible Individual has a FAP eligibility determination made within the six (6) months prior to the current account/date of service at issue and such determination provides for a 100% discount, PFS may presumptively rely on its earlier determination to again offer a 100% discount. If the prior FAP eligibility determination provided a discount of less than 100%, PFS will send a notice to the patient or Responsible Individual notifying him or her of the presumptive discount being offered, the basis of such determination and a reasonable deadline (i.e., at least thirty (30) days or the last day of the Application Period, whichever is later) by which the Responsible Individual must complete a FAP application if he or she would like to request a more generous discount.

F. Reasonable Efforts: ECAs may be initiated only in the following circumstances:

1. Failure to Apply: If all Responsible Individuals fail to apply for financial assistance

under the FAP by the Billing Deadline and the Responsible Individual(s) has received the ECA Initiation Notice, then EMH may initiate ECAs.

2. Less than 100% Discount: If all Responsible Individuals apply for financial assistance, and PFS determines definitively that the Responsible Individuals are ineligible for a 100% discount, then EMH may initiate ECAs to collect the remaining balance once the Responsible Individual(s) has received the ECA Initiation Notice described in section III.D above.
3. Incomplete Applications: If a Responsible Individual submits an incomplete application for financial assistance during the Application Period, EMH will:
  - a. Suspend any collection activities being undertaken against the individual; and
  - b. Provide the individual with a list of the missing information or documentation and give the individual 30 days to provide the missing information. The notice concerning missing information will include contact information, including the telephone number and physical location, for PFS staff who can provide information about and help the individual to complete his or her application.
  - c. If the Responsible Individual does not provide the missing information within this 30-day period, the hospital may commence (or resume) ECAs assuming it has provided the ECA Initiation Notice described above.
  - d. If the Responsible Individual completes the application for financial assistance before the Completion Deadline, PFS will make an eligibility determination as set forth in section 4 below.
4. Complete Applications: If a Responsible Individual submits a complete application for financial assistance during the Application Period, PFS will review the application and make and document its eligibility determination in a timely manner.
  - a. Ineligible for Financial Assistance: If PFS determines that the Responsible Individual is ineligible for any financial assistance, then EMH may initiate ECAs after providing notice to the Responsible Individual of the FAP determination and the basis for such determination.
  - b. Eligible for Financial Assistance: If PFS determines that the Responsible Individual is eligible for financial assistance, then EMH will do the following:
    - a. Send written notification to the Responsible Individual of the assistance determination, and

- b. If the discount is less than 100%, EMH will:
  - i. Provide the Responsible Individual with a billing statement showing the amount owed, how the amount was determined, and describe how the individual can learn more about how the hospital calculates AGB;
  - ii. Issue refunds to the Responsible Individual if he or she previously paid an amount to EMH exceeding what he or she is personally responsible to pay; and
  - iii. Take all reasonable measures to reverse any ECAs (with the exception of a sale of a debt or deferring or denying care for non-payment of amounts for previous care) taken against the Responsible Individual to the extent possible.

G. Any Responsible Individual, or representative thereof, who contacts PFS for information concerning any possible financial assistance, will be provided with the information requested.

H. Extraordinary Collection Actions: After the commencement of ECAs is permitted under section III.F above, the Hospital has the right to pursue ECAs directly or working with a third-party collection agency. The Hospital will pursue collection actions against individuals determined to be ineligible for assistance, individuals determined eligible to receive discounted but not free care, or individuals who failed to cooperate with the Hospital and are not making payments in accordance with established payment plans.

1. If Medicaid or other governmental funding is unavailable, and payment plan arrangements are not made with the Responsible Individual, then EMH may consider their accounts to be uncollectible bad debt and refer them to an outside collection agency for processing and collection efforts.
2. Once the Responsible Individual's account has been referred to a collection agency, the agency is authorized to contact with the individual to establish a payment plan.
3. Agencies will also be authorized to report the negative status of the debt to applicable credit bureaus.
4. The Hospital or external collection agencies will be authorized to file litigation. For example, EMH, or its external agency, reserves the right to garnish a responsible person's wages. EMH may, at any time, attach liens to insurance (auto, liability, life and health) in connection with its collection process to the extent a

third party liability insurance exists or file claims in any bankruptcy proceeding, because these legal actions are not considered to be ECAs. No other personal judgments or liens will be filed.

- I. Binding Third Parties: If EMH refers Responsible Individuals' debts to another party during the Application Period, the written agreement with such party must obligate such party to:
  - 1. Refrain from engaging in ECAs until the Billing Deadline;
  - 2. Suspend any ECAs if the individual submits a FAP application during the Application Period;
  - 3. If the Responsible Individual is determined to be eligible for financial assistance, ensure that the individual does not pay and is not obligated to pay more than required, and to reverse any ECA previously taken.
- J. Statute of Limitations: EMH will attempt to collect and accept payments on any Patient Account as outlined within KRS 413.120.
- K. Settlements: Any settlement coming from attorneys, outside agencies, or Responsible Individuals, will be directed to Director of Business Office or higher for approval.
- L. Probate: If Responsible Individual has outstanding balances, those accounts will be sent to the bad debt agency and coded "Check for Estate". If the bad debt agency finds an estate, then a proof of claim will be filed. In the instance that no estate is found, then it will be returned to EMH as uncollectible.