

Title: Billing and Collection Policy	*Applicable to: Beaumont Health	Effective Date: 09/07/2018
		Last Periodic Review Date 03/03/2020
Policy Owner: VP Revenue Cycle	Document Type: Policy	Functional Area: Administration, Revenue Cycle

***For This Document, Beaumont Health Includes:**

- Beaumont Hospital, Dearborn
- Beaumont Hospital, Farmington Hills
- Beaumont Hospital, Grosse Pointe
- Beaumont Hospital, Royal Oak
- Beaumont Hospital, Taylor
- Beaumont Hospital, Trenton
- Beaumont Hospital, Troy
- Beaumont Hospital, Wayne
- Beaumont Medical Group

I. PURPOSE AND OBJECTIVE:

This Policy sets forth the actions that may be taken with respect to billing and collection of charges for services and items provided to patients of the Beaumont Health Hospitals and Beaumont Medical Group, including the billing and collection actions of vendors who perform services for Beaumont Health.

This Policy refers to these hospitals collectively as the “Beaumont Hospitals” or the “Hospitals,” and individually as a “Beaumont Hospital” or the “Hospital.”

This Policy also describes the process and time frames applicable to collection actions by Beaumont Health, including the requisite Reasonable Efforts that must be taken by a Hospital to determine whether an individual is eligible for financial assistance under the Beaumont Health Hospitals’ [Financial Assistance](#) before engaging in any Extraordinary Collection Action against the individual.

This Policy is intended to satisfy the requirements in Section 501(r)(6) of the Internal Revenue Code of 1986, as amended, which imposes certain requirements on the Hospitals regarding billing and collection activities with respect to patients who qualify for financial assistance under the Hospitals’ Financial Assistance Policy (FAP).

Capitalized words used in this Policy and not otherwise defined have the meanings set forth in Section II below.

II. DEFINITIONS:

A. Application Period: The period during which Beaumont Health must accept and process a Financial Assistance Application (as defined in the FAP). The Application Period begins on the date that the first post-discharge billing statement is provided for the care and ends on the 240th day thereafter. (In certain circumstances, as described

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in this Policy, Beaumont Health may be required to accept and process a Financial Assistance Application after the end of the Application Period.)

B. Financial Assistance Policy (“FAP”): The Beaumont Health’s Financial Assistance Policy that each Beaumont Hospital and Beaumont Medical Group has established to identify and provide financial assistance to patients who need help paying their hospital bills.

C. Extraordinary Collection Actions (“ECAs”): Certain types of collection activities, as defined by the Internal Revenue Service and the U.S. Department of Treasury in regulations, that a Hospital may take against an individual to obtain payment for care only after Reasonable Efforts have been made to determine whether the individual is eligible for financial assistance under the Hospital’s Financial Assistance Policy. ECAs include:

- Selling an individual’s debt to another party (with some exceptions specified in regulations).
- Reporting adverse information about the individual to a consumer credit reporting agency or credit bureau.
- Actions that require legal or judicial process, including but not limited to: placing a lien on an individual’s property (with the exceptions set forth below), foreclosing on an individual’s real property, commencing a civil action against an individual, causing an individual’s arrest, causing an individual to be subject to a writ of body attachment, and garnishing an individual’s wages.

ECAs do not include:

- Placing a lien on the proceeds of a judgment, settlement or compromise owed to an individual (or his or her representative) as a result of personal injuries for which the Hospital provided care.
- Referring a patient’s account to a collection agency so that the collection agency may write letters, place phone calls or engage in other collection activities not identified as an ECA in the list above.
- Filing a claim in a bankruptcy proceeding.

D. Notification Period: The period during which Beaumont Health must make Reasonable Efforts to notify the patient about the FAP and the potential availability of financial assistance under the FAP. The Notification Period begins on the date the first post-discharge billing statement is provided for the care and ends on the 120th day thereafter.

E. Reasonable Efforts: The actions a Beaumont Health must take to determine whether an individual is eligible for financial assistance under the Financial Assistance Policy before engaging in any ECA to obtain payment for care, consistent with Internal

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Revenue Service and U.S. Department of Treasury regulations, and as set forth in detail in Section III.C of this Policy.

III. PROCEDURES:

A. Billing Practices

1. Insurance Billing

- a. For insured patients, each Beaumont Health will bill applicable third-party payers, based on information provided or verified by the patient, in a timely manner.
- b. If a claim is denied or is not processed by a third-party payer due to an error by or on behalf of Beaumont Health, it will not bill the patient for any amount in excess of what the patient would have owed had the payer paid the claim.
- c. If a claim is denied (or is not processed) by a payer due to factors outside of a Beaumont Health’s control, it will follow up with the payer and patient as appropriate to facilitate resolution of the claim. If resolution does not occur after prudent follow-up efforts, the facility may bill the patient or take other actions consistent with applicable laws and contractual requirements.

2. Patient Billing

- a. Uninsured patients will be billed directly and in a timely manner, and they will receive a statement as part of a Beaumont Health’s normal billing process.
- b. For insured patients, after claims have been processed by third-party payers, Beaumont Health will bill the patients in a timely manner for the patients’ respective liability amounts, as determined by applicable insurance benefits.
- c. A patient may request an itemized statement for his or her account at any time.
- d. If a patient disputes his or her account and requests documentation regarding the bill, Beaumont Health will provide the requested documentation in writing within 30 days (if possible).
- e. Beaumont Health may approve payment plan arrangements for a patient who indicates that he or she may have difficulty paying the balance in a single installment.
- f. Beaumont Health offers a variety of ways for individuals to pay amounts owed and accept cash, VISA, MasterCard, Discover, American Express and personal checks. Additional payment options are available based on personal circumstances and will be coordinated on an individual basis. Individuals may contact a Customer Service Representative at (248) 577-9600 for further information.

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- g. Beaumont Health is not required to accept a patient-initiated payment arrangement and, subject to the other provisions of this Policy, may refer an account to a collection agency if the patient is unwilling to make acceptable payment arrangements or has defaulted on an established payment plan.

3. Notices Required on All Billing Statements

Beaumont Health will provide all patients who receive care from the Hospital and who are billed for that care with a conspicuous written notice on each billing statement that informs the recipient about the availability of financial assistance under the Hospital's FAP and includes the telephone number of the Hospital office that can provide information about the FAP and the FAP application process, and the direct website address where copies of the FAP, the Financial Assistance Application, and a plain language summary of the FAP may be obtained.

B. Collections Practices

1. General Collection Activities

- a. Beaumont Health and third parties acting on its behalf may contact individuals in writing and by telephone regarding past-due statements.
- b. Beaumont Health may refer an individual's overdue account to a third party for collection on Beaumont Health's behalf. Beaumont Health may refer an individual's account for collection only when:
 - There is a reasonable basis to believe the individual owes the debt.
 - All third-party payers have been properly billed, and the remaining debt is the financial responsibility of the individual. Beaumont Health will not bill a patient for any amount that an insurance company is obligated to pay.
 - Beaumont Health will not refer an account for collection while a claim on the account is still pending third-party payer payment. Beaumont Health may classify a claim as "denied," however, if the claim remains in "pending" mode for an unreasonable length of time despite efforts to facilitate resolution.
 - Beaumont Health will not refer an account for collection where the claim was denied by a third-party payer due to the Hospital's billing error. Beaumont Health may still refer the patient liability portion of any such claim for collection if unpaid, however, consistent with applicable law and contractual requirements.
 - Beaumont Health will not refer an account for collection when the individual has applied for financial assistance under the Financial Assistance Policy and the Business Office has not yet notified the individual of its determination regarding the individual's eligibility for financial assistance (provided that the individual has complied with all

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applicable requirements set forth in the Financial Assistance Policy, including, without limitation, those regarding application deadlines and requiring cooperation and responses to information requests).

2. Limited Use of ECAs; Responsibility of Patient Financial Services Department

Beaumont Health may not engage in an ECA against an individual for at least 120 days from the date the Hospital provides to the individual the first post-discharge billing statement for the care. In addition, use of any ECA to collect a debt owed by an individual to Beaumont Health is strictly prohibited unless Reasonable Efforts (as described in Section III., C. below) have been made to determine if the individual is eligible for financial assistance under the FAP.

The Patient Financial Services Department shall have final authority and responsibility for determining that Reasonable Efforts have been made to determine whether an individual is eligible for financial assistance under the FAP. Before an account may be referred to a collection agency, the Patient Financial Services Department must have determined that Reasonable Efforts have been made to assess the individual’s eligibility for financial assistance.

C. Reasonable Efforts: Before Initiating an ECA

This Section III., CIII.C specifies the actions that must be taken in various situations in order for Beaumont Health to have made Reasonable Efforts to determine if the patient is eligible for financial assistance under the FAP and before Beaumont Health may engage in any ECA against an individual.

1. If an Individual Has Submitted a Complete Financial Assistance Application and Been Determined Not to be Eligible for Financial Assistance

If an individual has submitted a complete Financial Assistance Application, and the Hospital has determined that an individual is not eligible for any financial assistance with respect to a particular episode of care, then the Hospital is not required to take any further action before engaging in one or more ECAs to collect the debt relating to that episode of care.

A Hospital may not presumptively determine (*i.e.*, determine based on information provided by a source other than the individual) that an individual does not qualify for any financial assistance, however.

2. If an Individual Has Submitted a Complete Financial Assistance Application and Been Determined to be Eligible for Financial Assistance of Less Than 100%

If an individual has submitted a complete Financial Assistance Application, and the Hospital has determined that the individual is eligible for financial assistance in an amount less than 100% with respect to a particular episode of care, then the

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Hospital is not required to take any further action before engaging in one or more ECAs to collect the debt relating to that episode of care.

If the Hospital has presumptively determined (*i.e.*, determined based on information provided by a source other than the individual) that the individual qualifies for less than 100% financial assistance, the Hospital must comply with the procedures set forth in Section III., C., 3, below.

3. If an Individual Has Been Presumptively Determined to be Eligible for Financial Assistance of Less Than 100%

If a Hospital has determined that an individual is eligible for financial assistance for care provided by the Hospital based on information other than that provided by the individual, or based on a prior FAP eligibility determination, and if the individual is presumptively determined to be eligible for less than the most generous assistance available under the FAP, then before engaging in any ECA against the individual with respect to the debt owed, the Hospital must:

- a. Notify the individual regarding the basis for the presumptive financial assistance eligibility determination and the way to apply for more generous assistance available under the FAP;
- b. Give the individual a reasonable period of time based on the particular circumstances to apply for more generous assistance before engaging in any ECA to obtain the discounted amount owed for the care; and
- c. If the individual submits a complete Financial Assistance Application seeking more generous assistance by the end of the Application Period or, if later, by the end of the “reasonable period” referred to in Section III. C, 3b, above, to apply for more generous assistance, determine whether the individual is eligible for a more generous charity care adjustment and notify the individual in writing of this eligibility determination (including, if applicable, the assistance for which the individual is eligible) and the basis for this determination.
- d. If the individual submits a complete Financial Assistance Application seeking more generous assistance during the time described in Section III.C.3(c), above, and is determined to qualify for more generous assistance, in addition to satisfying the requirements of Section III. C., 3c above, the Hospital also must:
 - (1) If the individual is determined to be eligible for assistance other than free care, provide the individual with a billing statement that indicates the amount the individual owes for the care as an individual eligible for financial assistance and how that amount was determined and states, or describes how the individual can get information regarding, the AGB (as defined in the FAP) for the care.

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(2) Refund to the individual any amount he or she has paid for the care (whether to the Hospital or any other party to which the Hospital has referred the individual's debt for the care) that exceeds the amount the individual is determined to be personally responsible for paying as an individual eligible for financial assistance, unless such excess amount is less than \$5 (or such other amount set by notice or other guidance published by the Internal Revenue Service or the U.S. Department of Treasury in an Internal Revenue Bulletin).

4. If an Individual Has Not Submitted a Complete Financial Assistance Application and Has Not Been Presumptively Determined to Qualify for Any Financial Assistance

With respect to care provided by Beaumont Health to an individual who has not submitted a complete Financial Assistance Application and who has not been presumptively determined to qualify for any level of financial assistance, the Hospital, at least 30 days before first initiating one or more ECAs to obtain payment for the care, will do the following:

- a. Provide the individual with a written notice that indicates financial assistance is available for eligible individuals, identifies each ECA that the Hospital (or other authorized party) intends to initiate to obtain payment for the care, and states a deadline after which such ECAs may be initiated that is no earlier than 30 days after the date that the written notice is provided.
- b. Provide the individual with a plain language summary of the FAP with the written notice described in Section III., C 4 a above.
- c. Make a reasonable effort to orally notify the individual about the Hospital's FAP and about how the individual may obtain assistance with the FAP application process.
- d. In the case of an individual who submits an incomplete Financial Assistance Application before the later of the end of the Application Period or the end of the 30-day notice period referred to in Section III.C.4.a, notify the individual about how to complete the Financial Assistance Application and give the individual a reasonable opportunity to do so. The Hospital will provide the individual with a written notice that describes the additional information or documentation required under the FAP or Financial Assistance Application form that must be submitted to complete the Financial Assistance Application, and that includes the contact telephone number and physical location of the Hospital office that can provide information about the FAP and assistance with the Financial Assistance Application process.
- e. In the case of an individual who submits a complete Financial Assistance Application before the later of the end of the Application Period or the end of

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the 30-day notice period referred to in Section III., C,4a, determine whether the individual is eligible under the FAP for financial assistance for the care and notify the individual in writing of this eligibility determination (including, if applicable, the assistance for which the individual is eligible) and the basis for this determination. If the Hospital determines the individual is eligible for financial assistance for the care, the Hospital will:

- (1) If the individual is determined to be eligible for assistance other than free care, provide the individual with a billing statement that indicates the amount the individual owes for the care as an individual eligible for financial assistance and how that amount was determined and states, or describes how the individual can get information regarding, the AGB (as defined in the FAP) for the care.
- (2) Refund to the individual any amount he or she has paid for the care (whether to the Hospital or any other party to which the Hospital has referred the individual's debt for the care) that exceeds the amount he or she is determined to be personally responsible for paying as an individual eligible for financial assistance, unless such excess amount is less than \$5 (or such other amount set by notice or other guidance published by the Internal Revenue Service or the U.S. Department of Treasury in an Internal Revenue Bulletin).

These requirements apply even if the ECA is not initiated until after the end of the Application Period.

D. Reasonable Efforts: After an ECA Has Been Initiated

This Section III D, specifies the actions that must be taken in various situations *after* an ECA has been initiated against an individual in order for Beaumont Health to have made Reasonable Efforts to determine if the patient is eligible for financial assistance under the FAP.

1. If an Individual Submits a Complete Financial Assistance Application During the Application Period and After an ECA Has Been Initiated

If an individual submits a complete Financial Assistance Application during the Application Period and after one or more ECAs have been initiated against the individual, the Hospital will:

- a. Suspend (*i.e.*, not initiate or take further action on any previously initiated) ECAs against the individual to obtain payment for the care.
- b. Determine whether the individual is eligible under the FAP for financial assistance for the care and notify the individual in writing of this eligibility determination (including, if applicable, the assistance for which the individual is eligible) and the basis for this determination.

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- c. If the Hospital determines the individual is eligible for financial assistance for the care, the Hospital will:
- (1) If the individual is determined to be eligible for assistance other than free care, provide the individual with a billing statement that indicates the amount the individual owes for the care as an individual eligible for financial assistance and how that amount was determined and states, or describes how the individual can get information regarding, the AGB (as defined in the FAP) for the care.
 - (2) Refund to the individual any amount he or she has paid for the care (whether to the Hospital or any other party to which the Hospital has referred the individual's debt for the care) that exceeds the amount he or she is determined to be personally responsible for paying as an individual eligible for financial assistance, unless such excess amount is less than \$5 (or such other amount set by notice or other guidance published by the Internal Revenue Service or the U.S. Department of Treasury in an Internal Revenue Bulletin).
 - (3) Take all reasonably available measures to reverse any ECA taken against the individual to obtain payment for the care. Such reasonably available measures generally include, but are not limited to, measures to vacate any judgment against the individual, lift any levy or lien on the individual's property (other than a lien that a Hospital is entitled to assert under state law on the proceeds of a judgment, settlement, or compromise owed to an individual, or his or her representative, as a result of personal injuries for which the Hospital provided care), and remove from the individual's credit report any adverse information that was reported to a consumer reporting agency or credit bureau.
2. **If an Individual Submits an Incomplete Financial Assistance Application During the Application Period and After an ECA Has Been Initiated**
- If an individual submits an incomplete Financial Assistance Application during the Application Period and after one or more ECAs have been initiated against the individual, the Hospital will:
- a. Suspend (*i.e.*, not initiate or take further action on any previously initiated) ECAs against the individual to obtain payment for the care.
 - b. Notify the individual about how to complete the Financial Assistance Application and give the individual a reasonable period of time based on the particular circumstances to do so. The Hospital will provide the individual with a written notice that describes the additional information or documentation required under the FAP or Financial Assistance Application form that must be submitted to complete the Financial Assistance Application,

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and that includes the contact telephone number and physical location of the Hospital office that can provide information about the FAP and assistance with the Financial Assistance Application process.

- c. If the individual submits a complete Financial Assistance Application within the reasonable period of time referred to in Section III., D 2b, above, the Hospital will take the actions set forth in Section III D. 1 of this Policy.
- d. If the individual fails to respond to requests for additional information or documentation and does not submit a complete Financial Assistance Application within the reasonable period of time referred to in Section III.D.2.b, above, the Hospital may resume ECAs against the individual to obtain payment for the care. If the individual subsequently submits a complete Financial Assistance Application during the Application Period, however, the Hospital will again suspend ECAs against the individual to obtain payment for the care while it determines whether the individual is eligible for financial assistance in accordance with the provisions of Section III., D 1 of this Policy.

E. Documentation and Recordkeeping

The Financial Services Department is responsible for maintaining records relating to requests and applications for financial assistance. The Department will maintain copies of notices to patients regarding their eligibility for financial assistance and other records necessary to demonstrate the Hospitals' compliance with this Policy.

F. Use of Collection Agencies

1. Referral of an Account to a Collection Agency (Without a Sale of Debt)

Beaumont Health will not refer an individual's account to a collection agency until after the Notification Period ends. After the Notification Period, and if an account balance remains unpaid, the account may be referred to a collection agency, provided that the Hospital has entered into a legally binding written agreement with the collection agency that:

- Requires the collection agency to conduct all interactions with individuals in a courteous and respectful manner.
- Requires the collection agency to operate in accordance with the FAP and this Policy.
- Prohibits the collection agency from engaging in any ECA against an individual to obtain payment for the care until reasonable efforts as described in this Policy have been made to determine whether the individual is eligible for financial assistance for the care.
- Provides that if an individual submits a Financial Assistance Application after the referral of the debt but before the end of the Application Period, the

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collection agency will suspend ECAs to obtain payment for the care as described in this Policy.

- Provides that if an individual submits a Financial Assistance Application after the referral of the debt but before the end of the Application Period and is determined to be eligible for financial assistance for the care, the collection agency will do the following in a timely manner:
 - Adhere to procedures specified in the agreement that ensure that the individual does not pay, and has no obligation to pay, the collection agency and the Hospital together more than he or she is required to pay for the care as an individual eligible for financial assistance; and
 - If applicable and if the collection agency (rather than the Hospital) has the authority to do so, take all reasonably available measures to reverse any ECA taken against the individual.
- Requires the collection agency, if it refers the debt to yet another party during the Application Period, to obtain a written agreement from that other party that includes all of the elements described above.

2. Sale of Debt

Beaumont Health will not sell an individual’s debt to a third party until after both (a) the Application Period has ended with respect to the debt and (b) the Hospital has made Reasonable Efforts to determine whether the individual is eligible for financial assistance, as set forth in Section III.C, above.

IV. HOW TO OBTAIN MORE INFORMATION ABOUT BEAUMONT HEALTH’S FINANCIAL ASSISTANCE POLICY AND BILLING AND COLLECTION POLICY

Beaumont Health makes this Billing and Collection Policy, as well as the Financial Assistance Policy, the Financial Assistance Policy Application, and a plain language summary of this Financial Assistance Policy, available on the Beaumont Health website at <https://www.beaumont.org/patients-families/billing/financial-assistance>, in the following languages:

- English
- Albanian
- Arabic
- Chinese
- German
- Italian
- Japanese
- Korean
- Polish

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- Russian
- Spanish
- Vietnamese

In addition, paper copies of this Billing and Collection Policy, as well as the Financial Assistance Policy, the Financial Assistance Application, the list of covered and non-covered providers and a plain language summary of this Financial Assistance Policy, are available, upon request and without charge, in the Hospital’s admissions areas and Emergency Center and, during normal business hours, at the applicable Hospital financial counseling office listed in Appendix A (see attachment tab upper right corner).

Beaumont Health’s Benefit Advisors are available to answer questions about financial assistance and to help patients with completion of the Financial Assistance Application. The location and phone number applicable to each Hospital’s financial counseling office is set forth in Appendix A.

V. COORDINATION WITH FINANCIAL ASSISTANCE POLICY AND INTERNAL REVENUE CODE § 501(r)

This Policy shall be interpreted in a manner consistent with the FAP and with Section 501(r) of the Internal Revenue Code of 1986, as amended, and applicable regulations.

VI. APPENDIX ATTACHMENTS: (see attachment tab, upper right corner)

Appendix A-Benefit Advisor Offices

CORPORATE AUTHORITY:

Beaumont Health (“BH”) as the corporate parent to William Beaumont Hospital, Botsford General Hospital, and Oakwood Healthcare Inc., (“Subsidiary Hospitals”) establishes the standards for all policies related to the clinical, administrative and financial operations of the Subsidiary Hospitals. The Subsidiary Hospitals, which hold all health facility and agency licenses according to Michigan law, are the covered entities and the providers of health care services under the corporate direction of BH. The Subsidiary Hospitals’ workforces are collectively designated as BH workforce throughout BH policies.