

**CULLMAN REGIONAL MEDICAL CENTER  
POLICY AND PROCEDURE MANUAL**

**DEPARTMENT:** Patient Financial Services  
**POLICY #:** PFS-141-131.01  
**TITLE:** Collection and Bad Debt Policy  
**EFFECTIVE DATE:** 01-01-2013  
**POLICY:**

Cullman Regional Medical Center will make every reasonable attempt to work with patients on payment of their bills when the patient is unable to pay their portion in full at the time of service. Furthermore, the hospital will maintain established processes for keeping patients advised of actions that may be taken by the hospital, or its authorized third parties, should the patient fail to pay their portion. Such actions may include, but not limited to, turning unpaid accounts over to third party collection agencies, reporting to various credit bureaus/agencies and legal action. Prior to such action taken, the hospital will make a good faith effort to conduct the following:

1. Advise the patient in advance of treatment of their expected/estimated amount due. When the service is urgent/emergent in nature, the notification will be provided as soon as expected cost can be determined and the patient has been cleared as medically stable.
2. Assist patients in identifying and applying for public assistance programs for which they may be eligible.
3. Assist patients claiming an inability to pay in completing documents required to file for the hospital's financial assistance (FA) program. See PFS-141-103.01.
4. Work with patients not meeting FA guidelines to establish a deposit and monthly payment schedule.

**Procedure:**

The hospital will establish schedules of communication in order to keep the patient apprised on the status of their account. These schedules will include both written and telephone communication. If the patient (debtor) fails to respond to such notices and does not establish a formal payment plan within 125 days from the first dunning notice, the hospital may determine the account as uncollectable and write the account off as bad debt.

At said time, the account may be forwarded to an outside agency for collection. Any outside agency being used by the hospital must follow guidelines established in the Fair Debt Collection Practices Act. The hospital's PFS Director will be responsible for monitoring agencies to ensure compliance with said act.

Accounts reaching this stage may be considered under the FAP for up to 240 days from the first dunning notice. Collection activity will be temporarily suspended when the application is received so that proper review can be conducted, determination made and patient notified.

If the debtor does not respond to notices/telephone calls, he/she may be subject to having his/her information forwarded to the various credit reporting agencies indicating that the account has not been paid. In addition, continued failure to pay may result in legal action being taken that could result in liens and/or garnishments being filed against the debtor; however, patients will be notified at least 30 days in advance of any extra ordinary collection actions are taken. Should such action be necessary the debtor will be responsible for all court cost incurred associated with that action(s).

It will be the responsibility of the PFS Manager or PFS Director to resolve any disputes arising out of said action. Determination of continued action will be made within 3 business days of receipt of all necessary information needed to arrive at a decision.

**REVIEWED: 09-18-2014, 12-06-2016, 12-11-2017, 01-23-2018**

**REVISED: 09-18-2014, 01-23-2018, 03-01-18**

**RECOMMENDED BY: Patient Financial Services Manager**

**Authorized Signature: Theresa Williamson**

**APPROVED BY: Revenue Cycle Director**

**Authorized Signature: Gene Lee**