UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM
PATIENT ACCOUNTING

Subject: Procedure for the collection of any unpaid balances of patient balances and transfer to Bad Debt or Charity Care

Purpose: The purpose of this procedure is to ensure the hospital is reimbursed for all services performed.

Effective Date: July 1, 2016

Responsibility: It is the responsibility of the Patient Accounting staff to manage the self pay outsourcing vendor in the collection of patient receivables. The vendor will be responsible for collecting by phone. Patient Accounting will follow the process below.

A. Procedure for collection of patient balances:

1) Patients will receive statements for amounts due immediately after patient responsibility has been determined

2) After the initial statement, if the account remains unpaid, the patient will continue to receive statements every 28 days for up to 120 days from the date of the first bill and will receive a minimum of 3 statements.

3) If the account remains unpaid after the above (#2) it will be transferred to the appropriate designated attorney or agency for further collection activity.

4) Inpatient Accounts recommended for Bad Debt Should be prepared for review and Signature Authorization as follows:

   a) Signature Authorization form is completed with appropriate demographic and financial data.

   b) Indication of what attorney or agency receiving the account for further collection activity.

   c) A brief synopsis of the account activity should be completed on the Signature Authorization form.
d) Balances less than $10,000 will automatically be transferred to Bad Debt. The following authorization must be obtained on the Signature Authorization form:

1. Balances of $10,000 to $20,000 - Director

2. Balances of $20,000 to $100,000 - Associate Vice President

3. Balances of $100,000 and greater - Vice President

5) Outpatient Accounts that remain uncollected after the above (#2) will automatically transfer to the designated attorney or agency.

6) Management will review a report of all outpatient accounts transferred to Bad Debt that is greater than $10,000 with each facility on a monthly basis. Outpatient accounts will not be subject to the Signature Authorization requirement.

B. Accounts that are determined to be eligible for Charity Care (Inpatient and Outpatient), according to the Financial Assistance Policy (FAP), will follow the Signature Authorization below unless they are presumed eligible per the FAP:

1. Balances up to $100 – Supervisor (no formal process required)

2. Balances up to $10,000 – Manager

3. Balances up to $20,000 – Director

4. Balances up to $100,000 – Associate Vice President

5. Balances over $200,000 – Vice President
C. Bankruptcy Notice Response Process

- If it can be determined by the pleading that the debtor is an individual, the pleading should be sent to the Managing Director for A/R Follow-Up

- If it cannot be determined that the debtor is an individual or if it can be determined that the debtor is a corporate entity, the pleading should be sent to the Associate Vice President for Accounting

1. Determine bar date

2. Determine the amount owing to UPHS, if any, and whether the claim is secured and whether or not there are any particular reasons to pursue the claim (in order to assess against potential litigation or other recovery costs)

3. If it is decided to pursue the collection, the matter is forwarded to the Office of General Counsel in advance of the bar date

- If forwarded to the Office of General Counsel, the following steps will be taken

1. Contact the Bankruptcy Trustee and Debtor’s counsel to determine the amount of Debtor’s assets and liabilities, the amount of potential distribution and the amount owing to secured creditors

2. Follow up with Accounting in Corporate Finance

3. If the decision has been made to proceed with collection activities, engage outside bankruptcy counsel as required and/or file proof of claim

4. Monitor status of bankruptcy proceedings and respond to objections if required