PURPOSE: To define the policy and procedure for billing and collection of Self-Pay account receivables and ensuring reasonable collection efforts are administered. This Policy and Procedure is to be followed to establish and maintain constant contact with the responsible party from discharge through complete payment of the account or write-off.

POLICY: Lexington Health ("***LH***") is committed to helping patients understand and manage the cost of services before those services are delivered. LH expects patients, Guarantors or their Third-Party Insurers to pay in full for services provided. LH will bill Third Party Insurers in accordance with the requirements of applicable law, contracts with Third Party Insurers, and applicable billing guidelines. A patient's failure to pay or make satisfactory financial arrangements will render the account delinquent. LH reserves the right to take collection actions as permitted by law and this policy concerning balances due from either the patient or Third-Party Insurers.

PROCEDURE:

1. **DEFINITIONS:**

1.1 Allowed Amount: The maximum amount an insurance plan will pay for a covered health care service.

1.2 Application Period: The period when LH will accept and process an application for financial assistance in accordance with the ***LH Financial Assistance Program Policy***. The period begins on the date care is provided and ends on the 240th day after the day the first post-discharge Statement for care is provided.

1.3 Bad Debts: Bad debts are claims arising from rendering healthcare services to a patient that LH, using sound credit and collection policy, determined to be uncollectible from patients who have liability to pay.

1.4 Guarantor: The person who is financially responsible for the patient's bill. In the case of an adult, the patient is his/her own Guarantor. Children under the age of 18 cannot be listed as their own Guarantor; instead, an adult that is financially responsible for the child should be listed.

1.5 Self-Pay: An account is determined to be Self-Pay if:

- The patient has no insurance on record;
- There is a remaining balance between the Allowed Amount and all expected payments from the insurance carrier; or
- A patient has not responded to requests from an insurance carrier to process claims timely.

1.6 Statement: A bill for services rendered. This can be a summary of the accounts receivable activity or a detailed bill, listing each charge (and credit, if applicable) on a patient's account.

1.7 Outside Collection Agencies: Any debt collection agency to which LH has assigned debt or otherwise engaged to continue collection on accounts in bad debt status (as determined by LH). When an account is in bad debt status (as determined by LH), it has not been deemed totally worthless and uncollectible.

1.8 Third Party Insurers: Any party insuring payment on behalf of a patient to include but not limited to: insurance companies, Workers' Compensation, governmental plans such as Medicare and Medicaid, State/Federal Agency plans, etc., or third party liability resulting from automobile or other accidents.

1.9 Uncompensated Charges: Charges for health care services where LH has not received any payment.

2. Pre-Service Information Collection

2.1 To help patients prepare and manage the cost of care they receive, a registration team member from LH may perform pre-service review steps to ensure all information collected is accurate. Accurate information is critical to avoid billing issues and to ensure insurance benefits can be accessed to reduce the patient's out-of-pocket expenses.

2.2 LH will provide care to all patients for emergency medical conditions as required by the Emergency Medical Treatment and Active Labor Act ("EMTALA") regardless of ability to pay. LH prohibits any actions that discourage individuals from seeking such emergency medical care from LH, including demanding payment from emergency department patients prior to receiving treatment for

emergency medical conditions or permitting debt collection activities that interfere with the provision of emergency medical care without discrimination.

2.3 Either before non-emergency services are delivered or after emergency conditions have been stabilized, as required by EMTALA, the following activities may be performed:

2.3.1 Validate Patient Identity – the registration team member will ask the patient or Guarantor for photo ID and include a copy within the medical record.

2.3.2 Verify Insurance Benefits – based on information provided by the patient or Guarantor, the registration team member will use LH's data systems to communicate with Third Party Insurers to verify eligibility and benefits.

2.3.3 If insurance information is not provided at the time of admission, the registration team member may use other resources to contact major insurance companies and applicable State Medicaid programs to check for coverage.

2.3.4 In the event that the registration team member is unable to identify coverage for services to be provided, the patient will be classified as uninsured and Self-Pay.

2.3.5 LH will offer a paper copy of the ***LH Financial Assistance Program Plain Language Summary*** to patients during the intake or discharge process. Additionally, individuals may obtain free copies of the ***LH Financial Assistance Program Policy***, ***LH Financial Assistance Program Plain Language Summary*** and ***LH Financial Assistance Program Application*** from the LH Emergency Room, LH admissions areas or LH's website.

2.4 Obtain Prior Authorizations – if the services to be provided require prior authorization from an insurance company, the registration team member will attempt to secure that authorization from the patient's insurance company. Each patient is responsible for confirming his/her insurance benefits will cover the cost of services to be provided.

2.5 The patient may be requested to pay all or a portion of the estimated co-pays, coinsurance amounts and/or deductible amounts at time of service.

3. **Availability of Financial Assistance**

3.1 LH is committed to ensuring patients or prospective patients in the community are aware of the availability of financial assistance associated with the Patient Financial Services department. LH will provide a notice of the availability of financial assistance in each billing Statement. Any patient requesting financial assistance should be referred to the Financial Counseling staff for consultation.

3.2 Financial Assistance

3.2.1 Patients may be eligible for financial assistance for health care services through State Programs or the ***LH Financial Assistance Program Policy*** based on their financial circumstances. Patients must request financial assistance. Refer to the ***LH Financial Assistance Program Policy*** for further information.

3.3 Catastrophic Financial Assistance

3.3.1 LH may provide a discount on Uncompensated Charges if those charges exceed a certain threshold. Refer to the ***LH Financial Assistance Program Policy*** for further information.

3.4 Free Clinic Referral

3.4.1 LH will provide services to patients referred from Columbia Free Medical Clinic, by an LH physician, for procedures or tests that are not performed at the clinic. Refer to the ***Columbia Free Medical Clinic Referrals Policy and Procedure*** for further information.

3.5 Discount for Uninsured Patients

3.5.1 LH will provide a discount to Self-Pay patients who do not have any insurance coverage in accordance with the ***LH Financial Assistance Program Policy*** and the ***LH Uninsured Discount Policy***. Refer to the ***LH Financial Assistance Program Policy*** and the ***LH Uninsured Discount Policy*** for further information.

4. **Reasonable Efforts to Determine Eligibility for Financial Assistance**

4.1 LH will make reasonable efforts to determine whether a patient is eligible for financial assistance under the ***LH Financial Assistance Program Policy*** before initiating any actions with Outside Collection Agencies (*See Billing and Collection Process Section*). Reasonable efforts include, at a minimum, the following:

4.1.1 LH will make determinations regarding eligibility for financial assistance based upon information other than that provided by the individual, such as Medicaid eligibility, or based upon prior financial assistance eligibility in accordance with the ***LH Financial Assistance Program Policy***.

4.1.2 If a patient is presumptively determined to be eligible for financial assistance under the ***LH Financial Assistance Program Policy***, LH will notify the patient regarding the basis for the presumptive eligibility for financial assistance and award the patient maximum financial assistance under the ***LH Financial Assistance Program Policy.***

4.1.3 If a patient is not presumptively determined to be eligible for financial assistance, then LH will make reasonable efforts to notify individuals about financial assistance under the ***LH Financial Assistance Program Policy*** in accordance with the Billing and Collection Process set forth in below.

4.2 Patience Financial Services is responsible for determining that LH has made reasonable efforts to determine if a patient is eligible for assistance under the ***LH Financial Assistance Program Policy***.

5. Billing and Collection Process

5.1 LH will use the same reasonable collection efforts and processes for collecting amounts due for services provided to all patients, regardless of ability to pay. Collection activities will continue until an account balance is paid in full, or an account is secured by a protected status, i.e. payment plans, payroll deductions, legal accounts with letters of protection, etc. If no activity has taken place for a minimum of three months, collection efforts will progress. Refer to *Section 7.2* for procedures relating to deceased accounts.

5.2 Accounts on a current payment plan will not be referred to any Outside Collection Agencies.

5.3 The collection process may involve the use of Outside Collection Agencies to assist the facility and patients regarding balances due, process payment plans, etc. Any such referral will occur only after a third Statement is generated as described in *Section 5.5* below.

5.4 Patient Financial Services will send a Statement to the patient and/or Guarantor shortly after services are rendered in incremental billing cycles. A minimum of 3 Statements will be sent. The first Statement is sent within 45 days of payment/denial by the insurance company. The second Statement will be sent within 45 days of the first Statement if the bill remains unpaid for 30 days.

5.5 After the second Statement is sent, a third Statement will be sent to the patient and/or Guarantor including language that clearly notifies the recipient that the patient's account may be referred to Outside Collection Agencies. The third Statement will include:

5.5.1 Notice that financial assistance is available for eligible individuals and provide a plain language summary of the ***LH Financial Assistance Program Policy***;

5.5.2 Identify the actions that may be taken by Outside Collection Agencies; and

5.5.3 Provide a deadline after which the account may be referred to Outside Collection Agencies, which will be no earlier than 30 days after the date the third Statement is provided and at least 120 days from the date the first Statement was provided. In the event LH aggregates outstanding bills for multiple episodes of care, the deadline after which LH may refer an account to Outside Collection Agencies will be at least 120 days from the date of the first Statement for the most recent episode of care included in the aggregated statement.

5.6 In the event of a referral to Outside Collection Agencies, Outside Collection Agencies will continue collections with the patient or Guarantor via telephone or collection letter until the account is returned to LH. *(See Bad Debt Account Recall section*). Outside Collection Agencies' collection efforts will be documented on the patient's account within each Outside Collection Agencies' internal system. Outside Collection Agencies may credit report any balance greater than $499 that are at least 365 days past the first delinquency with LH. The Outside Collection Agency will send up to 3 statements, unless a payment plan is established mid-statement cycle within the Outside Collection Agencies.

5.7 The patient's financial records created by Patient Financial Services will be maintained by LH as required by applicable law and in accordance with LH policies.

6. **Populations Exempt from Certain Activities**

6.1 The following categories of patients are exempt from referrals to Outside Collection Agencies:

6.1.1 Patients who are enrolled in a State Medicaid Plan, as confirmed by LH. Refer to the ***LH Financial Assistance Program Policy*** for further information.

6.1.2 Patients who received the maximum adjustment amount under the ***LH Financial Assistance Program Policy***.

7. **Bad Debt Account Recall**

7.1 LH will recall bad debts from Outside Collection Agencies for the following reasons:

7.1.1 If there is no account (collections) activity for 365 days and the bad debt balance is less than $4,000, then the account will be recalled. LH will perform an annual check for accounts that meet this criterion and update any such accounts in EPIC. The bad debt balance and date of recall will be posted to the patient's accounts receivable (A/R). The account status will also reflect: "Uncollectable Returns" using a billing indicator. Any account returned with a date of service after 01/31/2021, will be written-off and closed with a zero balance. Any dates of service prior to 02/01/2021 will be reviewed to determine if account should be included in the tax set-off program.

7.1.2 If an account is approved for financial assistance pursuant to a complete ***LH Financial Assistance Program Application***, then the account will be recalled. All collections activity will be suspended, and the patient will be notified of the eligibility determination for financial assistance and the basis for the determination. Additionally, LH will issue a Statement to the patient indicating the amount the patient owes for care, if any, and how that amount was determined. The Statement will also describe how the patient can get information regarding the amounts generally billed for care.

7.1.2.1 LH will issue a refund to the patient and/or Guarantor for any amount paid for care that exceeds the amount the patient is determined to be

personally responsible for paying under the ***LH Financial Assistance Program Policy***.

7.1.2.2 LH will work with Outside Collection Agencies, in good faith, to take reasonably available measures to reverse any adverse information on an individual's credit report that was reported to a consumer reporting agency or credit bureau.

7.1.3 When LH has been notified that the patient or Guarantor has filed for bankruptcy, the account will be recalled and reviewed for applicable adjustments, i.e., Bankruptcy within 30 days.

7.2 If LH is aware of the death of a patient or Guarantor whose account has been referred to Outside Collection Agencies, the bad debt will be recalled. LH will file a claim for the bad debt amount in the event the patient or Guarantor has an estate. When a probate claim is filed, accounts are not adjusted off until monies have been received or closure of the probate has been verified resulting in a Discretionary write-off. If an ***LH Financial Assistance Program Application*** is submitted during the Application Period after a probate claim is filed, then LH will follow the procedures outlined in this Policy, including without limitation *Section 7.3* below, to make a financial assistance eligibility determination before proceeding with the collection of any bad debt pursuant to a probate claim.

7.3 LH will immediately instruct Outside Collection Agencies to suspend any and all actions to collect payment if LH receives an ***LH Financial Assistance Program Application*** within the Application Period. If LH receives an incomplete ***LH Financial Assistance Program Application*** within the Application Period, LH will provide written notice to the patient or Guarantor, including contact information for Patient Financial Services, describing the additional information and/or documentation required to be submitted to complete the ***LH Financial Assistance Program Application*** so that LH may make an eligibility determination. Suspension of any and all actions will continue until either (1) a determination for financial assistance is made based upon a complete ***LH Financial Assistance Program Application*** or (2) in the case of an incomplete ***LH Financial Assistance Program Application*** submitted during the Application Period, the patient or Guarantor has failed to respond to requests for additional information and/or documentation no less than 90 days from the request for such additional information and/or documentation.

Approved by: _____ Date: 3/28/25

Chief Financial Officer

Approved by: _____ Date: 3/28/25

Vice President of Patient Financial Services