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Owner	John Vetsch: Senior VP - Revenue Cycle
Area	Patient Financial Services
Applicability	Avera Health System (not including managed and independent sites, excluding Avera Heart Hospital)

Avera Collections and Billing Policy

1. Purpose

To support our Mission and Vision of a healing ministry, Avera is concerned for our patients' well-being. Along with high-quality care and service, this also means helping patients understand their financial responsibility as early as possible. When patients are unable to pay their bills, we have a fair and just policy in place to determine eligibility for financial assistance to cover medically necessary services at Avera. We understand that unexpected health care bills can create a burden, and so we offer other options for payment of hospital and clinic bills including 0% payment plans. Our value of stewardship guides us to seek out the revenue dollars we are owed as payment for services in order to support our ministry and mission, including caring for those on the margins of society. This policy outlines how Avera will treat all patients and guarantors with dignity, respect, equality, and justice through any and all billing and collection activities performed whether performed directly by Avera or by a third-party on its behalf.

2. Scope

This policy applies to Avera Health and its subsidiary hospitals, including all facilities operated by such hospitals, ("Avera") locations listed in Avera's Financial Assistance and Billing Practices Policy (attached) "Avera Hospitals and Clinics" and patients who receive services at those hospitals and clinics by Avera's employed or contracted health care providers.

This policy does not apply to certain independent health care entities and/or providers that may perform health care services for their own patient (whether or not a patient in common with Avera) at an Avera facility. Independent hospitals, clinics, physicians, and other non-Avera health care providers and services are not covered in this policy. Patients with billing or collections questions for health care services provided by an independent hospital, clinic, physician, or other non-Avera provider at an Avera facility must contact their non-Avera provider directly. Attachment B, "Out of Scope Providers", attached hereto, identifies independent health care entities and providers not applicable to this policy.

This policy applies to all patient self-pay balances. Patients' self-pay balance is the amount due to Avera after services are rendered and all other payment options, discounts, or reimbursement methods are exhausted. Financial assistance is applied after calculating the self-pay balance.

3. Policy

Avera will carry out our billing and collections procedures for payment for health care services and supplies according to the standards in this policy. Patients receiving services and supplies from Avera have an obligation to remit payment for the amount due upon receipt of the first billing statement. Patients and guarantors who have financial resources are expected to pay for health care services provided by Avera. Avera recognizes that not all patients have the means and ability to pay for health services provided to them. Avera staff and third-party collection agencies contracted to perform services on Avera's behalf will receive education on Avera's Financial Assistance Policy and shall perform their responsibilities in compliance with this policy.

Avera does not tolerate abusive, harassing, oppressive collection practices or false, deceptive misleading language in collections. Avera will enforce zero tolerance of these practices among Avera employees, contractors, and other third-party agents performing collections on Avera's behalf. Avera does not sell medical debt to any third party.

4. Compliance with Federal and State Laws

Avera's billing and collection procedures will comply with applicable State and Federal laws, regulations, and rules, including, but not limited to, the Internal Revenue Code Section 501(r), including Extraordinary Collection Actions (ECAs), Fair Debt Collection Practices Act (FDCPA), Telephone Consumer Protection Act (TCPA), Consumer Financial Protection Bureau (CFPB), Minnesota Attorney General Hospital Agreement (as applicable to facilities), and Minn. Stat. §§ 144.587-589 (as applicable to facilities).

State law specific billing and collections requirements are located in attachments to this policy.

5. Avera Contact Information

Patients and guarantors with questions or concerns about billing and collections may call Avera at a toll-free telephone number, 1-888-370-6525 or writing to the following address, PO Box 8, Mitchell, SD 57301.

6. Patient Responsibility

1. Patients and guarantors are responsible for providing accurate and complete insurance or benefit information timely to Avera.
2. Patients and guarantors are responsible to understand their insurance or benefit coverage and requirements.
3. Patients and guarantors are responsible to assist Avera with collection of insurance or benefit programs if additional information is required.
4. Patients and guarantors are responsible to apply for available insurance or benefit programs. Avera may deny eligibility for financial assistance due to failure to apply for available government insurance or benefit programs.
5. Patients and guarantors are responsible to complete a Financial Assistance Application if paying for health care services from Avera presents a financial hardship.
6. Patients and guarantors are responsible to timely pay for all self-pay balances upon receiving the billing statement.

7. Reasonable Efforts for Eligibility of Financial Assistance

Avera will perform reasonable efforts to determine if a patient is eligible for financial assistance prior to pursuing collection actions or ECAs as directed in the Avera Financial Assistance Policy. Reasonable efforts to inform patients and guarantors of the Financial Assistance Policy (FAP), Financial Assistance Application, and Plain Language Summary of the FAP, include, but are not limited to, verbal notices to patients and guarantors, printed copies of information available at Avera's locations, written notices sent to patients and guarantors, and publicly available links to obtain the information on Avera's website (Avera.org). Patients and guarantors who do not have financial resources available to pay for health services performed by Avera will be offered financial assistance, as applicable and eligible, in accordance with the Avera's *Financial Assistance Policy*.

Avera is not allowed to accept a waiver from a patient or guarantor that the patient does not wish to apply for assistance under the Financial Assistance Policy or receive related information to determine whether the patient is eligible for financial assistance prior to engaging in ECAs.

8. Limitation on Billing Charges for Eligible Patients

- A. Avera recognizes that Medicare regulations require uniform hospital charges for cost reporting purposes. Therefore, all Avera patients must be charged the same amount for the same service.
- B. Avera recognizes that Internal Revenue Code (IRC) § 501(r)(5) limits amounts charged to patients for emergency or other medically necessary care to not more than amounts generally billed (AGB) to individuals eligible for assistance under the Financial Assistance Policy to not

more than the amounts generally billed to individuals who have insurance coverage covering such patient care services.

- C. Avera calculates the AGB under the “look-back” method pursuant to IRC §501(r)(5). Avera must calculate AGB percentages separately for each hospital facility it operates. The rates may vary for each hospital.
- D. Avera must calculate its AGB percentages at least annually by dividing the sum of the amounts of all its claims for emergency or other medically necessary care that have been allowed by certain health insurers during a prior twelve (12) month period divided by the sum of the associated gross charges for those claims.
- E. Avera calculates its AGB percentages annually each October. Therefore, during the course of the calendar year, two different rates may be applicable. Avera’s AGB percentage rates will be reviewed and approved annually by Avera’s Chief Financial Officer.
- F. Patients and guarantors may review, as applicable, the AGB limitation on charges through the billing statement from Avera that shows line items for the following: gross charge amount, AGB-applied reduced amount, financial assistance reduction, and the total balance due.
- G. Notwithstanding, Avera will adhere to any State or Federal law, regulation, or rule that is more restricting or creates a higher limitation of charges for patients than IRC § 501(r)(5). For example, Minnesota Statute § 144.589 currently applies to patients whose annual household income is less than \$125,000 and limits Avera to charging a patient for emergency or other medically necessary services an amount that exceeds the lowest total amount the provider would be reimbursed for that service or treatment from a nongovernmental third-party payer. The lowest total amount the provider would be reimbursed for that service or treatment includes both the amount the provider would be reimbursed directly from the nongovernmental third-party payer and the amount the provider would be reimbursed from the insured’s policyholder under any applicable co-payments, deductibles, and coinsurance.

9. Actions that May be Taken in the Event of Nonpayment

After making reasonable efforts to determine whether a patient is eligible for financial assistance under the Financial Assistance Policy and waiting for at least 120 days from the date Avera provides the first post-discharge billing statement for care, Avera may pursue Extraordinary Collection Actions related to obtaining payment of an outstanding medical services bill including, but not limited to, the following actions that require legal or judicial process such as securing a judgment:

- A. Placing a lien on the patient’s or a responsible individual’s property.
- B. Foreclosing on the patient’s or a responsible individual’s real property.
- C. Attaching or seizing the patient’s or a responsible individual’s bank account or any other personal property.
- D. Commencing a civil action against the patient or a responsible individual.
- E. Garnishing the patient’s or other individual’s wages.

Avera contracts with third-party collection agencies to take action in the event of nonpayment.

Any lien that Avera 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 Avera's facility provided services is not an Extraordinary Collection Activity.

Avera does not (i) sell a patient's debt to another party; (ii) report adverse information about the patient or individual to consumer credit reporting agencies or credit bureaus; or (iii) defer or deny or require a payment before providing medically necessary care because of a patient or guarantor's nonpayment of one or more bills for previously provided care at any of Avera's facilities.

10. Billing for Health Care Services

- A. At the time of billing, Avera provides to all financial assistance or discount eligible self-pay, low-income, Under-Insured, and Uninsured patients the same information on services and charges that it provides non-eligible patients.
- B. Eligible patients will receive a self-pay reduction and/or any Charity Care reduction upon completing the respective process in the Financial Assistance and Billing Practices Policy (attached) and Self-Pay Discount Policy. (Currently being reviewed and will be linked to this policy.) Thus, the gross charges, applicable discounts, and net balance will show on the bill with the net charges being the patient's responsibility as the "self-pay balance."
- C. Avera will allow patients and guarantors 240 days from the first post-discharge billing statement to apply for financial assistance ("Application Period").
- D. Patients who receive Charity Care (100%) will not receive further billing statements. Avera will send the patient or guarantor a letter stating that the patient's bill had been completely forgiven based upon such Charity Care.
- E. For insured patients, Avera will bill appropriate government payers, third-party commercial payers, and other insurance or benefit programs in a timely manner. Patients and guarantors are responsible to provide accurate and complete information to Avera in order for timely and successful submissions for reimbursement from payers and programs.
- F. If a claim for reimbursement submitted by Avera was denied or not processed timely by a government or commercial payer or other benefit program due to an error by or omission of Avera's staff, Avera will not bill the patient for any amount in excess of that for which the patient would have been responsible had the payer or program paid the claim.
- G. If, however, a claim for reimbursement submitted by Avera was denied or not processed timely by a governmental or commercial payer, or other benefit program, due to actions or omissions outside of Avera's control or staff (for example, inaccurate information supplied by a patient or guarantor; or payer mistake), Avera will follow up with the payer and patient as appropriate to assist in good faith to resolve the issue for claim payment. If Avera is unable to assist with resolving the claim issue after reasonable follow-up, Avera may bill the patient for both the amount the payer or benefit program should have paid Avera and the amount the patient is personally responsible to pay.
- H. Avera will include the following information on billing statements:
 - 1. A statement that the patient may be eligible for financial assistance from Avera for

health care services performed by Avera.

2. A statement to provide the patient or guarantor with Avera's telephone number and website contact information to obtain information about Avera's Financial Assistance Policy, Financial Assistance Application (and how to apply), and Plain Language Summary.
 3. Notices and contact information must be printed on the front page of the patient billing statements. For example, the print may read "Avera has a Financial Assistance Policy. If you meet certain requirements and are unable to pay for health care services bill from Avera, you may qualify for a reduced rate. This policy, along with a summary of the policy and application can be found at Avera.org. For more information contact your local Avera business office."
- I. Avera shall not refer outstanding medical debt to third-party collections while payment of a claim for reimbursement related to such debt is still pending with a government, commercial, or other benefit payer or program.
 - J. Avera shall not refer outstanding medical debt to third-party collections while a financial assistance eligible patient or guarantor is cooperating with Avera to complete the Financial Assistance Application within the Application Period or apply for other government or third-party insurance or benefit program as requested by Avera.
 - K. Avera will not initiate any Extraordinary Collection Actions until after it notifies patients and guarantors of its Financial Assistance Policy and at least 120 days from the date Avera provides the post-discharge billings statement.

11. Notice Prior to Initiating Extraordinary Collection Actions

Prior to initiating any Extraordinary Collection Actions (ECAs) or sending an outstanding medical debt to a third-party collection agency, Avera will make a reasonable effort to verbally notify patients and guarantors about the Financial Assistance Policy, including how to obtain a copy of it, and provide patients or guarantors with a written statement or final notice at least thirty (30) days prior to initiating one or more ECAs including, but not limited to, the following information:

- A. Notice that financial assistance is available for eligible patients.
- B. Notice of the specific Extraordinary Collection Actions Avera, through a third-party collection agency, intends to pursue to obtain payment for health care services provided by Avera.
- C. Notice that Extraordinary Collection Actions may be initiated no earlier than thirty (30) days after this written notice.
- D. Provides a copy of the Plain Language Summary of the Financial Assistance Policy.

For purposes of this notice, Avera's billing statements include the following language: "Extraordinary Collection Activity may result upon non-payment of your account within thirty (30) days of the date of this notice. This activity may include the placement of your account with a debt collection agency. Subsequent to judgment, the collection agency may choose to proceed with garnishment."

Notice Exclusion: Avera is not required to make reasonable efforts to determine financial assistance eligibility for trusts, estates, partnerships, companies, public agencies, private or public insurers, or any other liable third parties that are not individuals such as the patient or guarantor before engaging in ECAs against such third parties to obtain payment for health care services.

12. Prohibited Actions for Uninsured or Unknown Insurance Status

Avera will not initiate one or more of the following collection actions until Avera determines that a patient, who is uninsured or whose insurance status is unknown, is ineligible for Charity Care or denies an application for financial assistance:

- A. Offer to enroll or enrolling a patient in a payment plan.
- B. Change the terms of a patient's payment plan.
- C. Offer the patient a loan or line of credit, application materials for a loan or line of credit, or assist with applying for a loan or line of credit, for the payment of medical debt.
- D. Deny health care services to the patient or any member of the patient's household because of outstanding medical debt, regardless of whether the services are deemed necessary or may be available from another provider.
- E. Accept a credit card payment of over \$500 for the medical debt owed to Avera.

The prohibited actions requirement in this section originates from Minn. Stat. §144.587; however, Avera applies the requirements in this section to all Avera locations whether located in Minnesota or another state. Avera and its third-party collection agencies may not threaten or use any other methods of collection that violate Federal or State law.

13. Collections for Nonpayment of Medical Bills

- A. Hospital and Clinic Accounts
 1. Avera and third-party collection agencies will record medical debt collection phone calls with patients, legal representatives, and guarantors for internal training and educational. Avera and third-party collection agencies will notify patients that the call is being recorded. Avera's management will periodically review phone calls to ensure all collection and customer service personnel comply with this policy.
 2. For self-pay balances, payment in full is expected upon receipt of the financial medical bill statement sent to the patient or guarantor.
 3. Patients and guarantors will be offered an installment payment plan option or referred to the Commerce Bank Loan Program if they demonstrate an inability to pay in full the self-pay balance.
 4. All patient accounts will be given 120 days after the patient's first billing statement to pay the balance in full prior Avera transitioning the outstanding balance to a third-party collection agency. During the 120-day period, patients or guarantors will receive at least four (4) statements.

5. Avera may not engage in any ECAs prior to the end of the 120-day period. Patients who have met charity eligibility screening criteria along with bad debt assessment may be transferred to bad debt prior to the 120-day period but not to a collection agency.
6. For elective hospital and clinic medical services, not emergency or medically necessary services, Avera will provide estimates of patient responsibility and make efforts to collect 100% of the estimated patient responsibility out-of-pocket expense prior to the elective medical services being performed. Avera may cancel scheduled elective medical services until the patient or guarantor has paid the patient's financial responsibility amount in full.
7. Avera will maintain an inventory log of patient and guarantor complaints received, reviewed, and responded to by Avera. The log will combine complaints applicable to all Avera facilities and be maintained in a central location.
8. Prior to account placement with a collection agency, Avera may assess account balances equal to or greater than \$1,500.00 for possible qualification as charity care.
9. If the patient or guarantor disputes the amount owed or otherwise requests documentation to explain the charges, Avera or the third-party collection agency will provide the documentation establishing that patient owes the debt including any insurance or benefit coverage reimburse paid.
 - a. Avera will supply medical bill details or documentation requested by patients, legal representatives, or guarantors within ten (10) business days of request.
 - b. As a result of the request, Avera will not pursue further collection activities for thirty (30) days after providing the medical bill details supporting the patient's responsibility for the outstanding amounts owed Avera.
 - c. If the patient, legal representative, or guarantor does not respond within thirty (30) days after Avera provides reasonable documentation, Avera will resume collection activities whether directly or through its third-party collection agencies.
 - d. This section should not be construed as preventing Avera from addressing patient billing inquires verbally, whether in person or via phone, when appropriate.

B. Skilled Nursing & Long-Term Care Accounts

1. All residents are required to pay their monthly balances in full within ten (10) business days of the receipt of the bill. Avera will communicate this expectation to residents and families upon admission. Avera will document, where appropriate that this expectation has been explained to the resident and his/her family (as applicable).
2. Avera will send each resident a monthly bill, or invoice, indicating current and any past due facility residency fees and costs for which the resident is responsible.
3. After one (1) month of delinquent payment, the account will be referred to the nursing home administrator for review. The administrator will develop a plan of

action and communicate such plan to the business office staff, the resident and/or family.

4. Payment plans are not offered for the payment of skilled nursing and long-term care accounts; payment in full is expected.
5. For patients who qualify for Medicaid, Avera facilities will complete the State applications. The Avera facility will notify Avera's Central Business Office on a monthly basis of the application status. Residents will be billed their cost share amounts while their Medicaid application is pending.

C. Avera@Home Patient Accounts

1. Avera will ask patients to set up auto payments at time of service on all rental items. On non-rental items, Avera may ask patients to pay an up-front deposit.
2. All cash and carry items will be collected for at time of service.
3. Patients will receive a telephone call from the business office attempting to collect on the amount due when the account reaches the following criteria: Two (2) bills have been sent and payments, if any, received, or patients default on Avera-approved payment arrangements.
4. Outstanding debt accounts will be transferred to bad debt and placed with a third-party collection agency when the account meets one or more of the following criteria: No payment has been received 120 days from the first statement. Patient misses two (2) consecutive months of scheduled payment and exceeded the 120 days from the first statement.

14. Suspending Collections for Financial Assistance Applications

- A. Patients and guarantors may still apply for financial assistance pursuant to the Financial Assistance Policy and Financial Assistance Application after medical debt has been classified as bad debt by Avera or subject to current collection activity.
- B. Avera will suspend Extraordinary Collection Actions, and other collection actions, if a patient or guarantor submits a Financial Assistance Application during the Application Period.
- C. For complete applications submitted during the Application Period (and within a reasonable time due to request for more information), Avera will suspend ECAs, determine eligibility and provide written notice of eligibility, and, if eligible, perform the following:
 1. For assistance less than 100%, provide the patient or guarantor with a billing statement that indicates the updated amount owed.
 2. Take all reasonable steps to reverse any ECAs taken against the patient to obtain payment for the care such as vacating any judgment against the patient, lift any levy or lien on the individual's property, or other actions.
- D. For incomplete applications submitted during the Application Period, Avera will provide patients and guarantors reasonable opportunity to complete the application, including providing required documentation, by sending a written notice that describes the additional information required (with Avera's contact information and deadline for information) and

suspend any ECAs to obtain payment for the reasonable opportunity time period. If the application, including required documentation, is still complete after the reasonable opportunity period identified in the letter, Avera will resume ECAs or other collection actions.

15. Collection Agency Requirements

- A. Avera will execute written agreements with third-party collection agencies that require the agency to meet applicable State and Federal laws, regulations, and rules (collectively "requirements") and maintain compliance with Avera's policies including, but not limited to, this Billing and Collections Policy.
- B. Third-party collection agencies will also maintain an inventory log of debtor complaints received, reviewed, and responded to by each agency. Third party collection agencies will provide the logs to Avera upon request.
- C. In addition, collection agency agreements will address the use, or prohibition, of blanket assignments per State law, and litigation, including garnishment, in compliance with State requirements.
- D. Annually, authorized Avera personnel will review collection agency agreements ensuring the terms and conditions meet State and Federal requirements and confirm the agency performs services on behalf of Avera in compliance with such requirements. State law may direct which employees qualify to serve as authorized Avera personnel.
- E. Collection Agencies will provide Avera's contact information upon request from patients and guarantors. Avera will not refuse to communicate with patients and guarantors on the basis that the account has been transferred to third-party collection or an attorney for litigation.

16. Patient Attorney Representation

If Avera has actual knowledge of the identify of an attorney representing a patient or guarantor in connection with outstanding medical debt owed to Avera, Avera will not contact the patient or guarantor directly without the permission or request of such attorney. However, if the patient or guarantor calls Avera directly, Avera will answer questions and provide information. Avera will require its third-party collection agencies to comply with the same requirement.

17. Additional State Law Requirements

Minnesota State law requirements are included in MN Attachments A, B and C.

Attachments

[Financial Assistance and Billing Practices.pdf](#)

[MN Attachment A.docx](#)

[MN Attachment B.docx](#)

Approval Signatures

Step Description	Approver	Date
	Sarah Hartwig: VP - Patient Access	Pending
	John Vetsch: Senior VP - Revenue Cycle	Pending
	Amanda Schutz: VP - Patient Financial Services	Pending
	Kathy Dorale: VP - Health Information Management	10/4/2024

Applicability

Aberdeen Region Clinics, Accounts Management Incorporated, Avera @ Home, Avera Central, Avera Creighton, Avera DeSmet, Avera Dell Rapids, Avera Flandreau, Avera Gettysburg, Avera Granite Falls, Avera Gregory, Avera Holy Family, Avera Insurance Division, Avera Marshall, Avera McKennan Hospital, Avera Merrill Pioneer Hospital, Avera Milbank, Avera Queen of Peace Hospital, Avera Sacred Heart Hospital, Avera St. Anthony's, Avera St. Benedict, Avera St. Luke's Hospital, Avera St. Mary's Hospital, Avera Tyler, Avera Wescota, Hand County Memorial Hospital, Marshall Region Clinics, Mitchell Region Clinics, Pierre Region Clinics, Platte Health Center & Clinic, Sioux Falls Region Clinics, Yankton Region Clinics