

Section:	Finance and Billing	Policy Owner:	Patient Financial Services Director
Department:	Patient Financial Services	Original Date:	12/2005

RESPONSIBILITY: Patient/Financial Services, CFO, Chief Compliance Officer, CEO

PURPOSE:

To establish a procedure for pursuing a garnishment when collecting medical debt.

POLICY:

Rainy Lake Medical Center will not give a debt collection agency or collection attorney a blanket authorization to pursue the garnishment of patients' wages or bank accounts. RLMC will not authorize its debt collection agencies or collection attorneys to proceed with the garnishment of a particular patient's bank account or wages until the CFO authorizes the garnishment after verifying:

- RLMC has no responsible basis to believe the patient's wages or funds at a financial institution are likely to be exempt from garnishment. The information may include, but is not limited to, such factors as whether the patient is on Social Security, Medical Assistance, or other relief based on need.
- There is reasonable basis to believe the patient owes the debt.
- All known third-party payers have been properly billed by RLMC, such that any remaining debt is the financial responsibility of the patient and provided RLMC does not bill a patient for any amount the insurance company is obligated to pay.
- Where the patient has indicated an inability to pay the full amount of the debt in one payment, RLMC has offered the patient a reasonable payment plan. RLMC may require the patient to provide reasonable verification of the inability to pay the full amount of debt in one payment.
- The patient has been given reasonable opportunity to submit an application for Rainy Lake Medical Center's Community Care (Charity Care), if the fact and circumstances suggest the patient may be eligible, for example, if the patient is uninsured or is on Minnesota Care, Medical Assistance, or other relief based on need.

DEFINITIONS N/A

PROCEDURE:

The CFO will make the determinations required in this policy.

RLMC will permit garnishment of patient wages or accounts only after entry of a judgment.

RLMC will not garnish the wages or bank account of a patient unless it has first obtained a judgment against the patient in court for the amount of the debt.

RLMC will include with the initial notice sent to patients the RLMC Garnishment Information Sheet (Attachment 1), or such other form approved, in advance, by the Attorney General's Office.

If a patient submits a written claim that the patient's account or wages are exempt from garnishment, RLMC's third party debt collection attorney will not object to the claim of exemption without receiving a specific, case-by-case approval from the Chief Compliance Officer. In deciding whether to grant such approval, the Chief Compliance Officer will review all information submitted by the patient in support of the patient's claim of exemption.

Rainy Lake Medical Center (RLMC) will not condone abusive, harassing, oppressive, false, deceptive, or misleading language or collections conducted by its debt collection attorneys and agencies, or their agents and employees.

REFERENCES:

Attorney General Agreement
Minnesota Hospital Association

CONTRIBUTING/REVIEWING DEPARTMENTS/INDIVIDUALS:

Executive Director of Administrative Services
Chief Financial Officer

Rainy Lake Medical Center Garnishment Information Sheet

You are receiving this information sheet because **Rainy Lake Medical Center** has started a process to get money from you by sending a "garnishment summons" to a "garnishee" -- typically your bank or employer. These proceedings are called "garnishment" proceedings. Rainy Lake Medical Center cannot provide you with legal advice. Therefore, this document only provides basic information. You should immediately discuss this matter with an attorney.

- **Taking Money from Your Wages**

If Rainy Lake Medical Center is trying to take money from your wages, you should receive notice *before* your wages are garnished or taken. Generally, Rainy Lake Medical Center cannot garnish more than 25% of your net wages, or any of your net wages if they are less than \$206 per week. If you have received public assistance based on need, Rainy Lake Medical Center cannot take any of your wages for 6 months after you received the assistance, if you submit the proper paperwork on time. To claim that wages cannot be taken (i.e., are "exempt"), you must promptly return to Rainy Lake Medical Center's attorney the "Debtor's Exemption Claim Notice" that came with the "Garnishment Exemption Notice and Notice of Intent to Garnish Earnings." *Calling Rainy Lake Medical Center is not sufficient.* If Rainy Lake Medical Center's attorney does not receive this exemption notice within 10 days, [Hospital Name] can seek to get money from your employer. *If Rainy Lake Medical Center does not agree that your wages are exempt, it can still seek to get money from your employer, and you will have to ask the court to decide that your wages cannot be taken.*

- **Taking Money from Your Bank Accounts**

If Rainy Lake Medical Center is trying to take money from your bank account, the bank will "freeze" enough money in your account to pay off your debt to Rainy Lake Medical Center. *You will not receive notice of the bank garnishment until after your funds are already frozen. You will not have access to your funds while they are frozen. Your checks may "bounce," and you may incur overdraft charges during this time.* You may want to contact your bank immediately.

If you deposit qualified public assistance checks (or wages if you are on or have received public assistance within the last 6 months) in a bank account, Rainy Lake Medical Center cannot garnish your account for 60 days, if you timely fill out the proper paperwork. To claim that funds in your bank account cannot be taken (i.e., are "exempt"), you must sign and return within 14 days to the bank (and Rainy Lake Medical Center's attorney) the "Exemption Notice" (the form your bank sent to you when it received a Garnishment Summons from Rainy Lake Medical Center). *Calling Rainy Lake Medical Center is not sufficient.* You may want to include copies of documents (i.e. benefit letters, bank statements, etc.) to show why your funds are exempt. **If you don't claim an exemption within 14 days from the date the bank mailed the exemption notice to you, the bank may turn over your frozen funds to Rainy Lake Medical Center.** If you do claim an exemption on time, the bank will "unfreeze" your funds and release them to you in 7 days unless Rainy Lake Medical Center "objects" to your "exemption claim." If Rainy Lake Medical Center "objects," it must send you a written objection to your exemption claim, along with a form entitled "A Request for Hearing and Notice of Hearing." **If Rainy Lake Medical Center sends you this form, you must fill out and file with the court the "Request for Hearing" form within 10 days of receiving the objection, or the bank can release your money to Rainy Lake Medical Center.**