

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

RESPONSIBILITY: Patient Financial Services including PFS Generalist and Collection Staff,, CFO, Chief Compliance Officer and CEO

PURPOSE:

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

POLICY:

Rainy Lake Medical Center (RLMC) will not give a debt collection agency or collection attorney a blanket authorization to take legal action against patients for the collection of medical debt.

DEFINITIONS: N/A

PROCEDURE:

RLMC will not file a lawsuit against a patient to collect medical debt unless the Compliance Officer authorizes the litigation after verifying:

- There is reasonable basis to believe the patient owes the debt.
- All known third-party payers have been properly billed, such that any remaining debt is the financial responsibility of the patient and provided RLMC does not bill a patient for any amount 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 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 financial assistance, if the fact and circumstances suggest the patient may be eligible, including, for example, if the patient is uninsured or is on Minnesota Care, Medical Assistance, or other relief based on need.

The Compliance Officer will make the determinations required in this policy. RLMC will permit garnishment of patient wages or accounts only after entry of a judgment.

The Compliance Officer will oversee the conduct of a third party attorney retained by RLMC to collect medical debt from its patients and will oversee debt collection litigation.

RLMC will require its third party debt collection attorneys take the following actions with respect to the collection of medical debt from patients:

- File a lawsuit brought against patients for the collection of medical debt with the applicable court no later than seven (7) days after the lawsuit has been served upon the patient.
- Sign and date all pleadings, including but not limited to all summonses and complaints and garnishment summonses and related documents.
- Ensure affidavits of service which purport to document the service of any pleading or legal papers state the following:
 - If a pleading is served by mail, the affidavit of service will state the address to which it was mailed; and
 - If a pleading is served personally, the affidavit of service will state the name of the person to whom the pleading was delivered. Generalized statements, such as the pleading was delivered to “a person of suitable age,” will not suffice.

- Serve along with any summons and complaint the RLMC Lawsuit Information Sheet (Attachment 1), or such other form approved in advance by the Attorney General's Office.
- List in the case caption of all pleadings the county where the lawsuit is or will be venued.
- RLMC will instruct its attorneys not to petition a court to have a debtor arrested, or arrest warrant or body attachment issued, or to cause such an action, as a result of the debtor's failure to appear in court, to complete paperwork, or to otherwise respond to a request or action in connection with its efforts to collect medical debt from the patient.

RLMC will not obtain a default judgment against a patient without the specific, case-by-case approval of the Compliance Officer or Chief Financial Officer. Prior to authorizing a default judgment, PFS Generalist or Collection Staff will determine whether there is a reasonable basis to believe that:

- The patient may already believe he or she has adequately answered the complaint by calling or writing to the Patient Financial services department, its debt collection agency, or its attorney;
- The patient is sick, disabled, infirm, or elderly so as to potentially render the patient unable to answer the complaint; or
- The patient may not have received service of the complaint.
- The PFS Generalist/Collection Staff will forward final signature request to the Compliance Officer or Chief Financial Officer before submitting back to the debt collection agency.

RLMC will serve any motion for default judgment upon the patient at the patient's last known address.

If the Patient Financial Services Department has knowledge of the identity of an attorney representing a patient in connection with RLMC's debt collection efforts, it will notify its third party debt collection attorney, law firm, and agency of the identity of the attorney representing the patient. Neither RLMC, nor a debt collection agency or attorney retained by it, will directly contact a patient known to be represented by an attorney with regard to the collection of that debt without the permission of the patient's attorney.

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
Financial Assistance Policy (Charity Care)

CONTRIBUTING/REVIEWING DEPARTMENTS/INDIVIDUALS:

Compliance Officer
Chief Financial Officer
Director of Patient Financial Services

Rainy Lake Medical Center Lawsuit Information Sheet

You are receiving this information sheet because you have been served with a Summons and Complaint (lawsuit) by **Rainy Lake Medical Center**. Rainy Lake Medical Center cannot give you legal advice. Therefore, this document only provides basic information, and you should immediately discuss this matter with an attorney.

- **Start of the Lawsuit.** To start a lawsuit against you, Rainy Lake Medical Center has served a Summons and Complaint on you either: (a) by delivering it to you personally or leaving it at your home; or (b) by mail, if you agree in writing to accept "service" of the Summons and Complaint by mail and sign a form that so indicates. The Summons informs you that you must provide a *formal, written legal "answer"* to the complaint within 20 days after you receive the legal documents. The Complaint explains why Rainy Lake Medical Center is suing you and asks a court to collect the debt from you.

The Summons and Complaint may not include a court file number. They are, however, the legal documents that begin the lawsuit. It is very important that you do not ignore the documents, or you will be in "default." No court hearing is required for a default judgment to be entered against you if you do not respond to the Complaint.

- **Answering a Complaint.** The "Answer" is the formal legal name for your response to the Complaint. The Answer must meet certain requirements of the Minnesota Rules of Civil Procedure. **Contacting Rainy Lake Medical Center or its attorney by telephone or written correspondence is not "answering" the Complaint.** While Rainy Lake Medical Center **encourages** you to call if you have questions regarding the bill that was sent to collections, doing so is not a formal "Answer." Some court clerks have form "Answers" which may be of assistance to you. You must serve a copy of your Answer on Rainy Lake Medical Center's attorney by mail, fax, or hand delivery and complete an Affidavit of Service that explains who was served, how, and on what date. The Affidavit of Service form must be signed in front of a notary public or a court clerk. If you want a judge to hear the dispute, you should file the original Answer and Affidavit of Service with the court in the county in which you are being sued after you have served your Answer on Rainy Lake Medical Center. You will be required to pay a court filing fee. (If you meet certain financial guidelines, however, you may not be required to pay the court filing fee. You may obtain more information regarding a waiver of the fee by contacting the clerk of court.)

- **Failure to Answer.** If you do not "answer" the Complaint, Rainy Lake Medical Center may get a "default" judgment entered against you requiring you to pay the debt. By getting a default judgment, Rainy Lake Medical Center may be able to initiate a separate garnishment action against you.