

The seal of the Office of the Massachusetts Attorney General is visible in the background. It features a circular design with the text "MASSACHUSETTS ATTORNEY GENERAL" around the top and "MARTHA COAKLEY" around the bottom. In the center is the coat of arms of the Commonwealth of Massachusetts, which depicts a Native American holding a bow and arrow, with a five-pointed star above his right shoulder.

# Recommended Hospital Debt Collection Practices

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# Revised Community Benefit Guidelines

- Developed with the Community Benefits Advisory Task Force
- Issued by the Attorney General for Hospitals and HMOs in 2/09
- Effective 10/09



# How Do Guidelines Address Medical Debt?

*Guidelines* allow a hospital to report its *bad debt* in the annual Community Benefits Report – *if* the hospital adopts AGO's recommended hospital debt collection practices

Bad debt **NOT** included in total Community Benefits Expenditures



# Recommended Hospital Debt Collection Practices

Fair debt collection practices that take into account unique nature of medical debt

- Reasonable protections for patients
- Appropriate reimbursement for providers

Over and above requirements of state or federal law or regulations



# Recommended Hospital Debt Collection Practices

Practices cover 4 areas of concern:

1. Providing Information to Patients
2. Initiating Collection Activities
3. Use of Third Party Collection Agents
4. Handling of Patient Debt



# 1. Providing Information to Patients

- Provide sufficient billing info to patients
- Provide contact info to patients so they can inquire or dispute a bill; respond to patient inquiries within 30 days
- Provide info about financial assistance opportunities



## 2. Initiating Collection Activities

- Notify patient of availability of financial counseling services and offer reasonable payment plan (if patient facing financial hardship) before beginning collection activities
- Wait 120 days after issuing 1<sup>st</sup> bill before assigning patient accounts to third party collection agency



### 3. Using Third Party Collection Agents

- Hospital must have authorization or contract with third party collection agents
- Agents must abide by hospital's collection policies
- Agents must provide patients with opportunity to file a grievance or complaint and forward any to hospital
- Agents must have hospital's written consent before commencing legal action



## 4. Handling of Patient Debt

- Hospitals should not
  - a) report patient debt to a credit reporting agency;
  - b) sell patient debt; or
  - c) garnish wages/seek lien***unless specifically approved by the hospital's board of directors***
- Hospital/agent should not charge interest on patient debt