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

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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 1st 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