

POLICY MANUAL

Subject: Credit Policy

Effective Date: 7/1/97

Initiated By: Jay Crosson
Director of Patient Accounting

Approved By: Timothy A. Tull
Chief Financial Officer

Review Dates: 02/11 JSC, 3/13 JSC, 2/14 JSC **Revision Dates:** 8/7/02, 12/02 TT,
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POLICY:

It is the general policy of Cumberland Heights Foundation, Inc. (Cumberland Heights) that payment for services rendered are due and payable at the time the service is provided. At its sole discretion, Cumberland Heights may, from time to time, extend credit to patients. As in all other matters, Cumberland Heights does not discriminate based on age, sex, national origin, race, color, and creed or handicap status with regard to who receives credit. The following policy details the process used when extending credit.

PROCEDURE:

- I. Inpatient treatment balances when insurance payments are involved.
 - A. In general, Cumberland Heights will allow a patient with a deductible of \$500.00 or less and expected insurance payments of 80% or better, to set up their balance at discharge over a period of time not to exceed 18 months. Since interest charges of 1% per month are charged on outstanding balances, the goal is to set up a plan that is mutually beneficial to Cumberland Heights and the patient in the shortest time period possible. Patients sign a promissory note upon discharge for their balances.
 - B. Deductibles of \$500.00 or more that have not been met are encouraged to be collected upon admission whenever possible but may be waived at the discretion of the financial advisor.
 - C. Patients with insurance benefits paying less than 80% are required to pay a down payment upon admission to bring their coverage level up to the 80% level.
 - D. Patients who have a previous balance with Cumberland Heights are not precluded from readmission as long as they meet the 80% benefits criteria on the current admission - even those who have had bad debt accounts in the past. The previous outstanding balances owed and bad debts may, however, be used in making current credit and financial decisions.

- E. Financial advisors are authorized to offer an additional 5% discount to those individuals who are willing pay their entire expected balance prior to discharge.
- II. Outpatient treatment balances when insurance is involved.
 - A. Outpatients are expected to pay their co-pays as they receive the services.
 - B. For patients who are unable to pay all their co-pays as they receive the services, Cumberland Heights will extend credit of up to \$1,200.00 on monthly payments or \$1,800.00 if they agree to have their payments set up on automatic monthly bank drafts. The extension of credit is based on having a valid guarantor who is employed.
 - C. Financial advisors are authorized to offer an additional 5% discount to those individuals who are willing pay their entire expected balance prior to discharge.
- III. Combined payments when a patient is to attend both inpatient and outpatient treatment.
 - A. For patients who are transferring from inpatient to outpatient status and have an inpatient balance – an additional \$1,000.00 in credit (\$1,800.00 if they are setup on automatic bank drafts) will be extended. Co-payments in excess of their total credit limit are required to be collected as the services are provided.
- IV. Self Pay Arrangements
 - A. Patients who do not have or do not want to have their insurance filed are given a self-pay discount of the published rates as long as they meet the 80% down payment requirement. Financial advisors are authorized to offer an additional 5% discount to those individuals who are willing pay their entire expected balance prior to discharge.
 - B. Patients who choose to continue treatment on a self pay basis, either after the insurance no longer authorizes service level requested by the patient or after their benefits have been exhausted, are also afforded the self-pay discount if they comply with the 80% requirement described in Section IV A above. If they do not meet those requirements, the balance reverts to the published rates as outlined on the financial responsibility form.
 - C. Patients and/or their guarantor sign Financial Responsibility Form whenever they become responsible for any portion of the expected charges. The form states that they are aware of the limits of their insurance or that their insurance is not expected to pay (the reason for nonpayment is specifically listed on the form), and are requesting to continue/receive services and in so doing, be responsible for the charges. The Financial Responsibility Form is an informed consent with regard to the individual's financial responsibility for the payment of their charges or, in the case of a guarantor, the charges of someone else.

- D. Patients that are unable to meet the 80% requirement may on occasion be allowed to pay 50% down and 50% on payments under the following conditions: 1) Balance is required to be on bank draft. 2) Financial advisor believes there is a high likelihood that balance will be paid off eventually. 3) There is a qualified guarantor that is employed in a position that generates enough income too afford the required monthly payments. 4) The financial advisor will complete and amend credit policy form for a member of the leadership team to approve so as to limit the number of these extended payment arrangements to a minimum. 5) Special consideration for these extended credit arrangements to patients that are in the professional or extended care programs as well as clients of preferred referral sources.
- V. Inability to meet credit criteria
 - A. Patients who are unable to meet the terms set forth in this credit policy are advised by intake staff of potential referrals to other organizations/agencies that have public grants, sliding scale payment plans or other funding sources.
 - B. Special arrangements and/or Patient Assistance Fund scholarships are sometimes available and are covered under a separate policy.
 - C. Occasionally patients are extended credit in excess of that stated in this policy. The financial advisor generally initiates this option when there is good reason to believe the guarantor's ability to pay the higher balance within the normal collection time frame. An Ntelagent report will be run in order to document patient's ability to pay. These balances are almost always are required to be paid by automatic bank draft. Leadership Team member approval is required for all situations where the credit policy has been amended.