



UT System Administration Policy Library – Policy UTS152
**General Policies Regarding Accounts Receivable
Management at The University of Texas System
Hospitals**

Responsible Officer: Executive Vice Chancellor for Health Affairs
Sponsoring Office: Office of the Executive Vice Chancellor for Health Affairs
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POLICY STATEMENT

To set forth the policies and procedures regarding hospital accounts receivable management at The University of Texas System hospitals.

RATIONALE

SCOPE

All Health Institutions in the UT System.

WEBSITE ADDRESS FOR THIS POLICY

<http://www.utsystem.edu/policy/policies/uts152.html>

RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS

UT System Administration Policies & Standards	Other Statutes, Policies & Standards
	Intermediary Letter No. 372 and Section 948 of Public Law 96-499 (1980 Omnibus Reconciliation Act),

CONTACTS

If you have any questions about UT System Administration Policy UTS 152 General Policies Regarding Accounts Receivable Management at The University of Texas System Hospitals, contact the following offices:

Subject	Office Name	Telephone Number	Email/URL
	Office of Health Affairs	512 499- 4224	http://www.utsystem.edu/hea/

DEFINITIONS

None

RESPONSIBILITIES

Chief Business Officer or a Designee

- Maintains a document describing the processing and handling of hospital charges.
- Approves write-off of large accounts.
- Establishes procedures to assure that quality review of medical status precedes referral of accounts to the Office of General Counsel.
- Establishes a procedural description for the handling of credit balances.

UT System Hospital

- Performs financial evaluation of each patient by its central financial screening section.
- Screens all hospital admissions for potential third-party payor status.
- Maintains a system to assign accurate third party guarantor information to patients and to permit standard reporting.
- Maintains standard policies and procedures for the management of current and delinquent accounts receivable.

- Submits policies and procedures to the Executive Vice Chancellor for Business Affairs for review.
- Establishes policies regarding minimum monthly payments for various account types and sizes as well as according to financial rating of patients.
- Refers delinquent accounts in accounts in excess of \$5,000 to the Office of General Counsel.
- Remits delinquencies on time payment agreements or promissory notes in excess of \$1,000 to the Office of General Counsel for further collection efforts.
- Maintains a billing matrix, to include follow-up procedures on current and delinquent accounts.
- Maintains advance deposit guidelines for elective patient services.
- Establishes a system of checks and balances to ensure that its documentation procedures meet Medicare guidelines.
- Submits institutional guidelines to the Vice Chancellor for Business Affairs for review.
- Files appropriate documents to perfect hospital liens on patients receiving services from the hospital under circumstances that authorize such liens to be filed.

Office of General Counsel

- Files lawsuits under the authority of the Attorney General if demand letters and notices of intent to sue do not result in payments or agreements to pay.
- Files and clearly documents estate claims and bankruptcies.
- Delegates the responsibility for settlement of outstanding claims to the Chief Business Officer or a designee when necessary.

PROCEDURES

A. Documentation of Procedures for the Processing and Handling of Hospital Charges.

The Chief Business Officer or a designee shall maintain a document describing the processing and handling of hospital charges. These procedures shall be reviewed periodically by the Internal Audit function to ensure compliance with pertinent rules, regulations and laws

B. Financial Evaluation of Patients.

Financial evaluation of each patient shall be accomplished by the hospital's central financial screening section. The hospital and the professional practice plan shall use the same financial classification at all times.

C. Admissions Screening, Third Party Guarantors and Demographic Information.

1. Admission Screening: All hospital admissions must be screened for potential third-party payer status, including individual or group hospitalization coverage, worker's compensation benefits, city, county, or hospital district responsibility for indigent care, and any other potential third-party liability.
2. Third Party Guarantors and Demographic Information: Each facility shall maintain a system to assign accurate third party guarantor information to patients and to permit standard reporting among UT System hospitals. Valid third party identification should be confirmed as early as possible in order to deploy billing and collection resources in an efficient manner. Where consistent with financial classification, disallowances by third party carriers should be billed to patients, as permitted by law.

To the extent practicable, all necessary information should be obtained upon the admission of a patient. Recurring delays from third party carriers and other reimbursement problems should be brought to the attention of the Office of Health Affairs and the Office of the General Counsel.

D. Policies and Procedures Regarding Hospital Accounts Receivable Management.

Each hospital in The University of Texas System shall maintain standard policies and procedures for the management of current and delinquent accounts receivable. These policies and procedures shall be submitted for review by the Executive Vice Chancellor for Business Affairs.

1. Financial Obligation of Patients: Unless a patient has been rated as a charity or a partial pay patient, the individual is expected to pay the entire bill in a timely manner. To the extent possible, the necessity of providing free or reduced fee service should be determined at the time service is rendered. It is the policy of The University of Texas System that collection procedures will be equivalent to those generally employed in the hospital industry.
2. Contractual Adjustments, Indigent Care Write-offs, and Insurance Only Accounts: Charges for indigent care and for portions of Medicare and Medicaid which can neither be reimbursed nor charged to the patient (contractual allowances) should be adjusted at the earliest possible time. For indigents, adjustments should be based on clarification of medical status and eligibility and should include appropriate documentation. Medicare/Medicaid disallowances should be recognized as early as possible. The portions of charges for which partial pay patients are not held responsible should be adjusted in a similar manner. When all third party payer payments for patients with insurance and no private pay responsibilities have been received, the appropriate write-off should be made.

3. **Minimum Payment Policies, Time Payment Agreements and Promissory Notes:** Policies regarding minimum monthly payments shall be established for various account types and sizes as well as according to financial rating of patients. Pursuant to these policies, a minimum monthly payment shall be established for each account in time payment status. Exceptions to minimum payment policies must be approved by the Chief Business Officer or a designee.

Hospitals may require patients to sign promissory notes on hospital bills, to include interest along with penalties, costs of collection and attorney's fees for violation of the terms of the note. The Office of General Counsel will be responsible for drafting and approving standard promissory notes. Delinquencies on time payment agreements or promissory notes in excess of \$1,000 should be remitted to the Office of General Counsel for further collection efforts.

4. **Billing Matrices:** Each hospital shall maintain a billing matrix, to include follow-up procedures on current and delinquent accounts for the following classifications of accounts: Blue Cross, Medicare, Medicaid, Commercial Insurance, Alternative Delivery System, Private Pay, and Other.

These billing matrices should document standard procedures and time periods for the exercise of options in the management of various types of patient accounts. Specific time periods and procedures should be dictated for written reminders, dunning letters, telephone contact, OGC referral, collection agency referral, and write-off. Written documentation of collection efforts shall be maintained for a reasonable period of time following write-off. Also, there must be an allowance for supervisory discretion to manage extraordinary situations. Write-off of large accounts shall be approved personally by the Chief Business Officer or a designee.

5. **Use of the OGC, Collection Agencies, and Credit Bureaus:**

- a) Referral to OGC: Delinquent accounts in excess of \$5,000 should be referred to the Office of General Counsel upon the exhaustion of standard in-house collection efforts, not to exceed 180 days from the initial billing of the patient except under extraordinary circumstances. Smaller account balances should also be referred where ability to pay seems probable.

If a promissory note has been executed or a time payment agreement has been reached on an account balance in excess of \$1,000, subsequent delinquencies should be referred to the Office of General Counsel. If demand letters and notices of intent to sue do not result in payments or agreements to pay, the Office of General Counsel may file lawsuits under the authority of the Attorney General.

The Chief Business Officer shall establish procedures to assure that quality review of medical status precedes referral of accounts to the Office

of General Counsel.

- b) Referral to Collection Agencies: For delinquent accounts not meeting the criteria in a., referral to a collection agency should generally follow the unsuccessful use of standard in-house collection procedures, not to exceed 180 day except under extraordinary circumstances.

Renewals and new contracts for the business services of collection agencies shall be approved through standard UT System Procedures, including review by the Office of General Counsel, the Office of the Controller, written approval by the Executive Vice Chancellor for Business Affairs and execution and docketing by the institution. The standard Office of General Counsel contract for collection agency services shall be used to the extent practicable. Institutions may use credit bureaus, but only after consulting with the Office of General Counsel regarding guidelines for legally permissible referrals.

- c) Advance Deposit Guidelines: Each facility will maintain advance deposit guidelines for elective patient services.
- d) Documentation of Services: It is the responsibility of each facility to establish a system of checks and balances to ensure that its documentation procedures meet Medicare guidelines, as reflected in Intermediary Letter No. 372 and Section 948 of Public Law 96-499 (1980 Omnibus Reconciliation Act), Institutional guidelines will be submitted for review of the Vice Chancellor for Business Affairs.
- e) Hospital Liens: Each institution must file appropriate documents to perfect hospital liens on patients receiving services from the hospital under circumstances that authorize such liens to be filed. Lien procedures shall be implemented pursuant to the Office of General Counsel guidelines.
- f) Credit Balance Management: The Chief Business Officer or a designee will be responsible for establishing a procedural description for the handling of credit balances. Authorization for cancellation or transfer of accounts with credit balances must include a dual signature.
- g) Estate Claims, Bankruptcies, Etc.: There shall be prompt referral to the Office of General Counsel of accounts where claims need to be filed in probate or bankruptcy proceedings. The filing of estate claims, bankruptcies, and other legal remedies available to the facility will be pursuant to guidelines promulgated by the Office of General Counsel and shall be clearly documented as to the follow-up mechanisms and handling of such third party activity.

The OCG may delegate the responsibility for settlement of outstanding

claims to the Chief Business Officer or a designee. The handling of accident claims shall be thoroughly documented to insure proper follow-through and coordination with the affiliated MSRDP/DSRDP/PRS/AHSRDP in any of its lien procedures.

- h) Private Attorney Involvement: There shall be prompt referral to the Office of General Counsel of any accounts involving contact from a private attorney.

FORMS AND TOOLS/ONLINE PROCESSES

None

APPENDIX

None

Keywords: accounting, accounts receivable, hospitals, billing, hospital, medical billing
