

 <p>Patient Financial Services Billing and Collections</p>	Number: PFS - 002
	Effective Date: 10/01/16
	Origination Date:
	Last Review Date:
	Next Review Date: 10/01/17
	Review Responsibility: Finance
	Contact: Rev Cycle Director/CFO

POLICY: Billing and Collections

POLICY STATEMENT:

This Policy is adopted pursuant to the agreement between Prairie Ridge Hospital & Health Services (PRHHS) and the Office of the Minnesota Attorney General concerning billing, collection, and discount to certain patients approved by PRHHS in July, 2005 (the "AG Agreement"). PRHHS believes that a hospital bill should never get in the way of a Minnesotan receiving essential health care services and, consistent with the mission and values of PRHHS and consistent with terms and conditions of the AG Agreement, PRHHS will take into account certain individual's ability to contribute to the cost of his or her care and PRHHS's financial ability to provide the care. Further, PRHHS believes that debt collection practices of both Prairie Ridge Hospital & Health Services staff and external collection agencies retained by PRHHS should be managed and maintained in a reasonable fashion and will reflect the mission and values of PRHHS, and that PRHHS policies concerning billing, collection, self-pay and uninsured discount program should be clear, understandable, and communicated in a dignified manner.

EFFECTIVE DATE:

The effective date of this Policy shall be August 1, 2005 (the "Effective Date"). This Policy shall be reviewed for modification from time to time consistent with PRHHS general policy review standards, and shall be reviewed not later than two (2) years from the Effective Date. This policy shall not apply to any matters or occurrences prior to the Effective Date. Any modification of a provision of this Policy that is required to be included under the terms of the AG Agreement, prior to two (2) years from the Effective Date, is subject to approval under the AG Agreement and shall be submitted to the Office of the Attorney General prior to PRHHS adopting any such amendments.

ZERO TOLERANCE:

PRHHS's Board of Trustees and Administrator have a "zero tolerance" policy for abusive, harassing, oppressive, false, deceptive, or misleading language or collections conduct by any PRHHS retained debt collection attorney or agency, and their agents and employees, and any PRHHS employees responsible for collecting medical debt from patients. Any PRHHS employee that is aware of such conduct shall immediately report such matter to his/her supervisor, or if the matter concerns his or her supervisor, to

the Director of Human Resources, and the person receiving any such report shall immediately report the matter to the PRHHS Administrator. If the matter involves the conduct of a PRHHS employee, any employee found to have engaged in the prohibited conduct shall be subject to discipline in accordance with PRHHS discipline policies. If the matter involves the conduct of an PRHHS retained collection attorney or agency, any collection attorney or agency found to have engaged in prohibited conduct shall be subject to appropriate action by PRHHS to address the conduct in question, to prohibit such conduct in the future, and PRHHS may take such other steps as it deems appropriate under the circumstances, including termination of the collection attorney or agency engagement.

SECTION A: LITIGATION PRACTICES

1. PRHHS shall not give any debt collection agency or attorney any blanket authorization to take legal action against its patients for the collection of medical debt. PRHHS will not file any lawsuit against any particular patient to collect medical debt until a PRHHS employee with the appropriate level of authority authorizes the litigation after verifying that:

- a. There is a reasonable basis to believe that the patient owes the debt;
- b. All known third-party payers have been properly billed by PRHHS, such that any remaining debt is the financial responsibility of the patient and provided that PRHHS will not bill a patient for any amount that an insurance company is obligated to pay;
- c. Where the patient has indicated an inability to pay the full amount of the debt in one payment, PRHHS has offered the patient a reasonable payment plan, provided that PRHHS may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment; and
- d. The patient has been given a reasonable opportunity to submit an application for Community Care, if the facts and circumstances suggest that the patient may be eligible for Community Care, including, for example, if the patient is uninsured or is on MinnesotaCare, Medical Assistance, or other relief based on need.

2. The following are authorized to make the determinations set forth in the prior paragraph: Administrator, Chief Financial Officer, Revenue Cycle Director, or Patient Financial Services Coordinator.

3. PRHHS's Administrator, in consultation with PRHHS's general counsel, will review and approve any third party debt collection attorneys engaged to collect medical debt for PRHHS. On at least an annual basis, PRHHS's Administrator will review and determine whether or not to issue to or renew any contract with any third party debt collection attorney. In determining whether to issue or renew any such contract, PRHHS will consider whether the debt collection attorney has acted in a manner consistent with this Agreement and with PRHHS's mission and policies and applicable laws.

4. PRHHS will enter into a written contract directly with any attorney or law firm utilized by it to collect debt from its patients and will not subcontract or delegate the selection of any third party debt collection attorney or law firm to its debt collection agency. Any contract between PRHHS and the debt collection attorney or law firm will require the attorney or law firm to act in accordance with the

terms of this Agreement, applicable laws, and the policies adopted by PRHHS in compliance with the AG Agreement.

5. PRHHS will not pay any debt collection attorney or law firm any performance bonus, contingency bonus, or other similar payment which is calculated on the basis of the amount or percentage of debt collected from two or more patients. This paragraph will not prohibit PRHHS from paying an attorney a percentage of the debt collected from a particular patient, provided that PRHHS will establish adequate contractual controls to ensure that the attorney acts in a manner consistent with this Agreement and PRHHS's mission.

6. PRHHS's general counsel, or the PRHHS representatives identified in Section 2 above, will oversee the conduct of any third party attorney retained by PRHHS to collect medical debt from its patients and will oversee all debt collection litigation.

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

- a. File any lawsuits brought against PRHHS's 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.
- b. Sign and date all pleadings, including but not limited to all summonses and complaints and garnishment summonses and related documents.
- c. Ensure that all affidavits of service which aim to document the service of any pleading or legal papers state the following:
 - (i) If the pleading is served by mail, the affidavit of service shall state the address to which it was mailed; and
 - (ii) If the pleading is served personally, the affidavit of service shall state the name of the person to whom the pleading was delivered. Generalized statements, such as that the pleading was delivered to "a person of suitable age," shall not suffice for purposes of this paragraph.
- d. Serve along with any summons and complaint the form attached as Exhibit A, or such other form approved in advance by the Attorney General's Office.
- e. List in the case caption of all pleadings the county where the lawsuit is or will be venued.
- f. PRHHS shall instruct its attorneys not to petition any court to have any debtor arrested, or any 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 any request or action by PRHHS in connection with its efforts to collect medical debt from the patient.

8. PRHHS will not obtain a default judgment against any particular patient without the specific, case-by-case approval of its general counsel or a PRHHS representative identified in Section 2 above. Prior to authorizing a default judgment, the PRHHS general counsel or authorized PRHHS representative will determine whether there is a reasonable basis to believe that: the patient may already believe that he or she has adequately answered the complaint by calling or writing to PRHHS, its debt collection agency, or its attorney; whether the patient is sick, disabled, infirm, or elderly so as to potentially render the patient unable to answer the complaint; or whether the patient may not have received service of the complaint. PRHHS will serve any motion for default judgment upon the patient at the patient's last known address.

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

10. If a patient notifies PRHHS, a debt collection agency retained by PRHHS, or any attorney utilized by PRHHS that: a) the patient does not owe all or part of a bill, b) a third party payer should pay the bill, or c) the patient needs documentation concerning the bill, PRHHS, the collection agency, and its attorney must cease further collection efforts until PRHHS or the agency provides the patient with documentation establishing that, as applicable, the patient owes the debt or that the applicable third party payer has already paid all amounts for which it is obligated. PRHHS or the collection agency shall provide such documentation in writing within ten (10) days and shall not pursue further collection activity for a period of thirty (30) days after providing proof that the debt is owed, so as to give the patient further opportunity to pay the bill or to challenge the documentation supplied by PRHHS. If PRHHS provides the required documentation and the patient does not respond within thirty (30) days, PRHHS, the collection agency, or the attorney utilized by PRHHS may resume collection activity.

SECTION B: GARNISHMENTS

1. PRHHS will not give any debt collection agency or attorney a blanket authorization to pursue the garnishment of patients' wages or bank accounts. PRHHS will not authorize a debt collection agency or attorney to proceed with garnishment of a particular patient's bank account or wages until the Revenue Cycle Director, the Patient Financial Services Coordinator, the Administrator, the Chief Financial Officer, or PRHHS's general counsel authorizes the garnishment for that particular patient after verifying that:

- a. PRHHS has no reasonable basis to believe that the patient's wages or funds at a financial institution are likely to be exempt from garnishment. Such information may include, but is not limited to, such factors as whether the patient is on Social Security, Medical Assistance, or other relief based on need;
- b. There is a reasonable basis to believe that the patient owes the debt;
- c. All known third-party payers responsible for all or a portion of a billing have been properly billed by PRHHS, such that any remaining debt is the financial

responsibility of the patient and provided that PRHHS will not bill a patient for any amount that an insurance company is obligated to pay;

- d. Where the patient has indicated an inability to pay the full amount of the debt in one payment, PRHHS has offered the patient a reasonable payment plan consistent with its repayment plan policies, provided that PRHHS may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment; and
 - e. The patient has been given a reasonable opportunity to submit an application for Community Care, if the facts and circumstances suggest that the patient may be eligible for Community Care, including, for example, if the patient is uninsured or is on MinnesotaCare, Medical Assistance, or other relief based on need.
2. PRHHS will not garnish, or permit to be garnished, the wages or bank account of any patient unless PRHHS has first obtained a judgment against the patient in court for the amount of the debt.
 3. In the initial notice sent by PRHHS to any patient of a garnishment, PRHHS will include, or cause to be included, the informational form attached as Exhibit B.
 4. If a patient submits a written claim in the form required by applicable law establishing that the patient's account or wages are exempt from garnishment, PRHHS's third party debt collection attorney will not object to the claim of exemption without receiving the specific, case-by-case approval of PRHHS's general counsel or PRHHS's Administrator, Chief Financial Officer, Revenue Cycle Director, or the Patient Financial Services Coordinator. In deciding whether to grant such approval in a particular case, such authorized individuals will review all information submitted by the patient in support of the patient's claim of exemption.

SECTION C: COLLECTION AGENCIES

1. On at least an annual basis, PRHHS's Administrator will review and determine whether or not to issue to or renew any contract with any third party debt collection agency. In determining whether to issue or renew any such contract, PRHHS will consider whether the debt collection agency has acted in a manner consistent with this Agreement and with PRHHS's mission and policies and applicable laws.
2. PRHHS will enter into a written contract with any collection agency utilized by it to collect debt from its patients. The contract will require the collection agency to act in accordance with the terms of this Agreement, applicable laws, and the policies adopted by PRHHS in compliance with the AG Agreement.
3. PRHHS will not refer any patient's account to a third party debt collection agency unless PRHHS has confirmed that:
 - a. There is a reasonable basis to believe that the patient owes the debt;

- b. All known third-party payers have been properly billed by PRHHS, such that any remaining debt is the financial responsibility of the patient and provided that PRHHS will not bill a patient for any amount that an insurance company is obligated to pay;
- c. Where the patient has indicated an inability to pay the full amount of the debt in one payment, PRHHS has offered the patient a reasonable payment plan, provided that PRHHS may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment; and
- d. The patient has been given a reasonable opportunity to submit an application for Community Care, if the facts and circumstances suggest that the patient may be eligible for Community Care, including, for example, if the patient is uninsured or is on MinnesotaCare, Medical Assistance, or other relief based on need.

4. PRHHS's general counsel, Chief Financial Officer, Administrator, Revenue Cycle Director, or the Patient Financial Services Coordinator are authorized to make the determinations required in the preceding paragraph.

5. PRHHS will not refer any medical debt to a third party debt collection agency or attorney if the patient has made payments on that debt in accordance with the terms of a payment plan previously agreed to by PRHHS.

6. If a patient has submitted an application for Community Care after an account has been referred for collection activity, PRHHS will suspend all collection activity until the patient's Community Care application has been processed by PRHHS and PRHHS has notified the patient of its decision.

7. PRHHS will not pay any debt collection agency any performance bonus, contingency bonus, or other similar payment which is calculated on the basis of the amount or percentage of debt collected from two or more patients. This paragraph shall not prohibit PRHHS from paying a collection agency a percentage of the debt collected from a particular patient, provided that PRHHS will establish adequate contractual controls to ensure that the collection agency acts in a manner consistent with this Agreement and PRHHS's mission.

8. PRHHS shall require any third party debt collection agency and attorney utilized by it to keep a log of all oral and written complaints received by any patient concerning the conduct of the agency. For purposes of this paragraph, a "complaint" is any communication from a patient or patient's representative in which they express concerns about the conduct of the debt collection agency. PRHHS will obtain a complete copy of the log at least six (6) times per year. PRHHS's contract with the debt collection agency will state that failure by the agency to log and provide all patient complaints in the manner required by this paragraph may result in termination of PRHHS's contract with the agency.

9. PRHHS will require any third party debt collection agency and attorney utilized by it to keep a record of the date, time, and purpose of all communications to or from its patients.

10. If a patient asks any third party debt collection agency or attorney for the contact information for PRHHS, PRHHS will instruct the agency or attorney to provide the patient with the phone number and address identified in Section D, Subdivision 1. PRHHS will not refuse to supply information to or speak with any of its patients on the basis that the account has been placed with a third party debt collection agency or attorney for collections.

11. PRHHS will train its outside debt collection agencies and attorneys about PRHHS's Community Care policy and how a patient may obtain more information about PRHHS's Community Care policy or submit an application for Community Care. PRHHS will require its debt collection agencies and attorneys to refer patients who may be eligible for Community Care to PRHHS.

12. PRHHS will include the following language on all collection notices sent to patients by it or its third party debt collection agencies or attorneys, and on all cover letters serving all lawsuits and garnishment papers:

You have the option to address any concerns with the Minnesota Attorney General's Office, which can be reached at 651-296-3353 or 1-800-657-3787.

PRHHS will print this language with the prominence required for notices under the federal Fair Debt Collection Practices Act.

13. PRHHS and its outside debt collection agencies, attorneys, or agents may report a patient's medical bill account to a credit reporting agency for failure to pay a medical bill only under the circumstances described below:

- a. PRHHS will not report any outstanding account in excess of \$1,000.00 to a credit reporting agency unless PRHHS has first obtained a legal judgment in excess of \$1,000.00 against a patient.
- b. PRHHS will not report any outstanding account of \$1,000.00 or less, unless an authorized PRHHS representative shall determine and certify:
 1. There is a reasonable basis to believe that the patient owes the debt;
 2. That all known third-party payers have been properly billed by PRHHS and that any remaining debt is the financial responsibility of the patient;
 3. That if the patient has indicated an inability to pay the full amount of the debt in one payment, PRHHS has offered the patient a reasonable payment plan. If PRHHS and the patient agree to a payment plan, PRHHS may not thereafter report the patient's account to a credit reporting agency unless the patient has materially defaulted on the payment plan by either failing to make at least two consecutive payments in a row or by failing to timely make three agreed-upon payments in a six- (6-) month time frame;
 4. That the patient has been given a reasonable opportunity to submit an application for Community Care, if the facts and circumstances suggest

that the patient may be eligible for Community Care, including, for example, if the patient is uninsured or in on MinnesotaCare, Medical Assistance, or other relief based on need;

5. That the patient's bank accounts and wages are not exempt from garnishment under Minnesota law;
6. That there is a reasonable basis to believe that the patient is not sick, disabled, infirm, or elderly so as to render the patient unable to respond to debt collection efforts;
7. That PRHHS has made a minimum of four attempts to contact the patient within a period of at least 120 days, which contacts have not resulted in the establishment of a payment plan, an offer of Community Care, or other resolution of the bill. PRHHS shall notify the patient during these contacts of PRHHS's Community Care and payment plan policies and shall offer to arrange a face-to-face or telephone meeting to discuss the bill. At least one of the attempted contacts shall be by telephone and at least one shall be by letter in the form attached as Exhibit C. If a patient does not pay three subsequent payments in a row, their account will follow the regular collections process if not paid in full within 120 days.

PRHHS will maintain documentation to show that these matters were met.

8. PRHHS will treat a recurring episode of care based on a one month time period. The recurring episodes of care included are physical therapy, occupational therapy, speech therapy, cardiac rehab and infusion therapy. Patients shall receive one billing statement for the whole month of services.
 - c. PRHHS will keep a log of the names of all patients whose accounts have been submitted to a credit reporting agency, which log will be produced to the Attorney General's office upon request.
 - d. If PRHHS erroneously submits a patient's account to a credit reporting agency, within ten (10) days of PRHHS being notified of or discovering the error, PRHHS shall send a notification to the credit reporting agency so as to effectively correct the error and shall promptly provide the patient upon request with any other necessary documentation to correct the error. If PRHHS submits a patient's account to a credit reporting agency and the patient subsequently resolves the matter by paying the bill in full or substantially complying with a payment plan, PRHHS shall within ten (10) days notify the credit reporting agency of the patient's compliance and shall promptly provide the patient upon request with any other necessary documentation to correct the adverse report.

14. If a patient notifies PRHHS, an outside debt collection agency retained by PRHHS, or any attorney utilized by PRHHS that: a) the patient does not owe all or part of a bill, b) a third party

payer should pay the bill, or c) the patient needs documentation concerning the bill, PRHHS, the collection agency, and its attorney must cease further collection efforts until PRHHS or the agency provides the patient with documentation establishing that, as applicable, the patient owes the debt or that the applicable third party payer has already paid all amounts for which it is obligated. PRHHS or the collection agency shall provide such documentation in writing within ten (10) days and shall not pursue further collection activity for a period of thirty (30) days after providing proof that the debt is owed, so as to give the patient further opportunity to pay the bill or to challenge the documentation supplied by PRHHS. If PRHHS provides the required documentation and the patient does not respond within thirty (30) days, PRHHS, the collection agency, or the attorney utilized by PRHHS may resume collection activity.

SECTION D: CENTRAL BILLING OFFICE

1. PRHHS has established and maintained, and will continue to so do, a centralized billing and collections department as part of its Revenue Cycle and Patient Financial Services department, and has a Director of its Revenue Cycle who is responsible, among other things, for management and oversight of the centralized billing and collections department. The centralized billing and collections department is located at 1411 Hwy 79 E, Elbow Lake, MN, 56531. The telephone number for PRHHS's central billing office is 218-685-7329. With assistance from such other departments as necessary, the centralized billing and collections department is responsible for patient services and materials billing and collection of patient accounts for medical services and materials.

2. PRHHS's centralized billing department staff will make, or caused to be made, timely and accurate submissions of claims to third party payers, in compliance with the terms and conditions of the applicable agreements with third-party payers and the requirements of law. Patients will be required to provide such information and assistance concerning a billing submission as is necessary to process and submit a payment claim and as is reasonably requested by PRHHS staff or the third party payer(s). PRHHS will implement such other policies and procedures necessary for the timely and accurate submission of claims to third party payers.

3. If PRHHS timely receives from a patient information about the patient's third party payer with which PRHHS has a contract and which is actually responsible for payment of all or a portion of a claim, and if PRHHS receives all information from a patient necessary to complete and process a payment claim, but does not timely submit a claim to the third party payer due to circumstances within the sole control of PRHHS staff, PRHHS will not bill a patient for any amount in excess of that for which the patient would have been responsible had the third party payer paid the claim.

4. If PRHHS timely receives from a patient information about the patient's third party payer that is actually responsible for all or a portion of a claim, and if PRHHS receives from a patient all information necessary to complete and process a payment claim, PRHHS will not refer any bill to a third party collection agency or attorney for collection activity while the claim for payment of a bill is pending with a third party payer with which PRHHS has a contract.

5. PRHHS may refer a bill to a third party collection agency or attorney following an initial denial of the claim by the third party payer. PRHHS will not refer any bill to a third party collection agency or attorney for collection activity when a claim is denied by a third party payer due to PRHHS's error not caused by the patient or any third party, but only if such error results in the patient becoming liable for the medical debt when they would not otherwise be liable.

6. In order for PRHHS to properly bill a patient's third party payer, PRHHS will need a patient's cooperation and PRHHS may not be able to properly bill a patient's third party payer without a patient's cooperation. Lack of patient cooperation will relieve PRHHS from any payment forgiveness provision of this Policy.

7. In the event that PRHHS staff believes that a third party payer has improperly delayed or denied payment of a patient claim, PRHHS may file a complaint with the Minnesota Attorney General's Office, which may provide assistance to PRHHS or a patient in attempting to get the claim paid.

8. PRHHS centralized billing and collections department staff are responsible to respond to and research patient questions or disputes concerning bills. The central billing and collections department staff shall be available during regular business hours Monday through Friday (excluding holidays when the department is otherwise closed). Patient bills and collection notices sent by PRHHS will include the address and phone numbers, including a toll-free phone number, that patients may call or write.

9. PRHHS centralized billing department staff will return telephone calls regarding billing inquires or disputes made by patients to the billing inquiry telephone number as promptly as possible, but in no event later than one business day after a call is received. PRHHS will respond to correspondence regarding billing inquires or disputes sent to the billing inquiry address by patients within ten (10) days of PRHHS's receipt of such correspondence.

10. If a patient notifies PRHHS, a debt collection agency retained by PRHHS, or any attorney utilized by PRHHS that: a) the patient does not owe all or part of a bill, b) a third party payer should pay the bill, or c) the patient needs documentation concerning the bill, PRHHS, the collection agency, and its attorney must cease further collection efforts until PRHHS or the agency provides the patient with documentation establishing that, as applicable, the patient owes the debt or that the applicable third party payer has already paid all amounts for which it is obligated. PRHHS or the collection agency shall provide such documentation in writing within ten (10) days and shall not pursue further collection activity for a period of thirty (30) days after providing proof that the debt is owed, so as to give the patient further opportunity to pay the bill or to challenge the documentation supplied by PRHHS. If PRHHS provides the required documentation and the patient does not respond within thirty (30) days, PRHHS, the collection agency, or the attorney utilized by PRHHS may resume collection activity.

11. PRHHS's centralized billing and collection department staff will record and maintain an annual log of all patient complaints received by its billing office staff, including at the centralized billing office, regarding the collection of medical debt by PRHHS staff or its third party debt collection attorneys or agencies. The record shall include the date of the complaint, the name of the patient, a brief description of the nature of the complaint, and any action taken or to be taken. The record and log shall be maintained at the centralized billing department.

12. The PRHHS Director of Revenue Cycle is responsible to implement this Policy (except for matters reserved to the Administrator or the Board of Trustees) and will oversee and manage, with delegable authority, all collection practices and activity of PRHHS internal debt collectors and all third party debt collection agencies retained by PRHHS and will maintaining such reports and records

concerning the same as deemed reasonable and necessary. Such activities shall include, but are not limited to, the following:

- a. Maintain an annual listing of all filings of debt collection litigation against PRHHS patients, including the garnishment of patient wages or accounts subsequent to entry of a default judgment.
- b. Oversight of the debt collection activity of all third party debt collection agencies retained by PRHHS.
- c. Oversight of the debt collection activities of PRHHS internal debt collectors.
- d. PRHHS's compliance with the AG Agreement and this Policy.

SECTION E: COMMUNITY CARE POLICY AND SELF PAY DISCOUNT POLICY

1. PRHHS has adopted and implemented a stand-alone Community Care policy. This policy will be administered consistent with the belief by PRHHS, and its long standing policy, that a hospital bill should never get in the way of a Minnesotan receiving essential health care services, taking into account an individual's ability to contribute to the cost of his or her care and PRHHS's financial ability to provide the care. Patients seeking to participate in the Community Care program are required to comply with the standards and requirements of said policy in order to qualify.

2. In compliance with the AG Agreement, PRHHS adopted the Self Pay Discount. The Self Pay Discount is available to patients who are, or were, at the time they received treatment at PRHHS, Minnesota residents. The Self Pay Discount is only available for PRHHS charges for "Uninsured Treatment." The term Uninsured Treatment means any medically necessary health care treatment or services which are not covered by a plan, contract, or policy which provides coverage to the patient through or is issued to the patient by: (1) a "health plan company," as that term is defined in Minn. Stat. § 62Q.01, Subd. 4; (2) a self-funded employee benefit plan; (3) any governmental program, including but not limited to MinnesotaCare, the Minnesota Comprehensive Health Association, Medicare, Medicaid, or TriCare; (4) any other type of health insurance, health maintenance, or health plan coverage; (5) any other type of insurance coverage, including but not limited to no-fault automobile coverage, workers' compensation coverage, or liability coverage. The Self Pay Discount is applicable only to charges for medically necessary healthcare treatment and not for cosmetic or elective procedures without any medical necessity. When it is determined that a patient is eligible for the Self Pay Discount, the Patient Account Representative will begin the determination process for the Self Pay Discount. This discount will be applied to the patient's account and will be reflected in the total amount due. The discount has been determined based on the average contractual allowance for PRHHS' largest commercial payer, the current discount rate is 21%.

3. PRHHS will generally make available information concerning its Community Care program and Self Pay Discount. To that end, PRHHS will train its staff responsible for admissions, billing, and providing direct patient treatment, about the existence of PRHHS's Community Care program and Self Pay Discount and how a patient may obtain more information about PRHHS's Community Care program or the Self Pay Discount, or submit an application for Community Care. The Director of the Revenue Cycle Department will be available to answer any questions concerning the Community Care program or the Self Pay Discount.

SECTION F: MISCELLANEOUS PROVISIONS

1. Modification: Any modification of a provision of this Policy that is required to be included under the terms of the AG Agreement, prior to two (2) years from the Effective Date, is subject to approval under the AG Agreement and shall be submitted to the Office of the Attorney General prior to PRHHS adopting any such amendments. In the event that PRHHS concludes that any provisions of this Policy are no longer feasible to implement, that the patient base of PRHHS may be better served by a modification of this Policy, or that if PRHHS has evidence that the terms of this Policy have caused those who can afford health insurance coverage to voluntarily choose to go without it, PRHHS may request that the Office of the Minnesota Attorney General to consent to a modification of the terms of this policy that are subject to the AG Agreement. Under the AG Agreement, the Attorney General shall make a good faith evaluation of the then-existing circumstances and, after collecting information the Attorney General deems necessary, shall make a decision within thirty (30) days as to whether to consent to a modification of this Policy. A modification of any provision of this Policy that is not required to be included under the terms of the AG Agreement is not subject to Attorney General approval.

2. Independence of PRHHS Collections. PRHHS and its agents will not state or imply, directly or indirectly, that the State of Minnesota or the Attorney General's Office has approved of, condones, or agrees with any lawsuit, garnishment, or other attempt by PRHHS to collect debt from a patient.

3. Limitations on Collections. The provisions of this Policy concerning limitations on collection practices, actions, and lawsuits shall apply only to collection of medical debt from patients, and not to any other collection matter or matter involving claims against patients.

4. Community Care Policy. The provisions of PRHHS's Community Care policy shall be administered in conjunction with this Policy under circumstances calling for its application, provided, however, that the Community Care policy is a stand-alone policy and is independent of the requirements of the AG Agreement in terms of administration, content and substance.

5. Board of Trustee Review. PRHHS's Board of Trustees will receive reports concerning and will review, at least annually, PRHHS's practices in the following areas; provided, however, that the Board of Trustees shall have no obligation or duty to oversee, manage, or otherwise be involved in the day-to-day operations of collection actions and practices:

- a. The filing of debt collection litigation against PRHHS patients, including the garnishment of patient wages or accounts subsequent to entry of a default judgment.
- b. The debt collection activity of all third party debt collection agencies retained by PRHHS.
- c. The debt collection activities of PRHHS internal debt collectors.
- d. PRHHS's compliance with the AG Agreement and this Policy.

- e. The results of the reviews required by the Administrator in Sections A and B of this Policy.
- f. PRHHS's Community Care practices.

6. Audit of Collection Agencies and Attorneys. PRHHS will audit, or cause to be audited, the practices of any of its approved third party debt collection agencies and debt collection attorneys, and its internal medical debt collection practices, at least one (1) time annually. The audits will, at a minimum, review compliance with this Policy and the AG Agreement.

7. Cooperation with Office of the Attorney General. PRHHS will cooperate with, respond to inquires of, and provide information to the Attorney General in a timely manner as necessary for the enforcement of this Agreement, subject to applicable law.

Approved to be effective August 1, 2005.

PRAIRIE RIDGE HOSPITAL & HEALTH
SERVICES

By: Brett L. Longtin
Chief Financial Officer

EXHIBIT A

PRAIRIE RIDGE HOSPITAL & HEALTH SERVICES LAWSUIT INFORMATION SHEET

You are receiving this information sheet because you have been served with a Summons and Complaint (which has the effect of a "lawsuit" being commenced against you) by **Prairie Ridge Hospital & Health Services** ("PRHHS"). Neither **PRHHS**, its employees, its other representatives, or its attorneys can or will give you legal advice. This document only provides you basic information, and you should immediately discuss this matter with an attorney.

- **Start of the Lawsuit.** To start a lawsuit against you, **PRHHS** has caused to be served a Summons and Complaint on you either: (a) by having it be delivered to you personally or having it left 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 have been served with the legal documents. The Complaint explains why **PRHHS** is suing you and asks a court to require you to pay **PRHHS** money for amounts which **PRHHS** claims you owe to it.
- The Summons and Complaint may not include a court file number. The documents 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." If you are in default, **PRHHS** may ask a court to award a money judgment. 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 PRHHS or its attorney by telephone or written correspondence is not "answering" the Complaint.*** While **PRHHS** 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 **PRHHS'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 **PRHHS**. 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, **PRHHS** may obtain a "default" judgment entered against you requiring you to pay money to **PRHHS**. By getting a default judgment, **PRHHS** may be able to initiate a separate garnishment action against you.

EXHIBIT B

PRAIRIE RIDGE HOSPITAL & HEALTH SERVICES GARNISHMENT INFORMATION

SHEET

You are receiving this information sheet because **Prairie Ridge Hospital & Health Services ("PRHHS")** has started a process to collect money from you by sending a "garnishment summons" to a "garnishee"-- typically your bank or employer. These proceedings are called "garnishment" proceedings. Neither **PRHHS**, its employees, its other representatives, or its attorneys can or will give you legal advice. This document only provides basic information. You should immediately discuss this matter with an attorney.

- **Collecting Money From Your Wages.** If **PRHHS** is trying to collect money from your wages, you should receive notice *before* your wages are garnished or taken. Generally, **PRHHS** cannot garnish more than 25% of your net wages, or any of your net wages if they are less than \$206 per week. If you have received public assistance based on need, **PRHHS** cannot collect any of your wages for 6 months after you received the assistance, if you submit the proper paperwork on time. To claim that wages cannot be taken (i.e., are "exempt"), you must promptly return to **PRHHS's** attorney the "Debtor's Exemption Claim Notice" that came with the "Garnishment Exemption Notice and Notice of Intent to Garnish Earnings." *Calling PRHHS is not sufficient.* If **PRHHS's** attorney does not receive this exemption notice within 10 days, **PRHHS** can seek to collect money from your employer. **If PRHHS does not agree that your wages are exempt, it can still seek to get money from your employer, and you will have to ask the court to decide that your wages cannot be taken.**
- **Collecting Money From Your Bank Accounts.** If **PRHHS** is trying to collect money from your bank account, the bank will "freeze" enough money in your account to pay off your debt to **PRHHS**. *You will not receive notice of the bank garnishment until after your funds are already frozen. You will not have access to your funds while they are frozen. Your checks may "bounce," and you may incur overdraft charges during this time.* You may want to contact your bank immediately.

If you deposit qualified public assistance checks (or wages if you are on or have received public assistance within the last 6 months) in a bank account, **PRHHS** cannot garnish your account for 60 days, if you timely fill out the proper paperwork. To claim that funds in your bank account cannot be taken (i.e., are "exempt"), you must sign and return within 14 days to the bank (and **PRHHS's** attorney) the "Exemption Notice" (the form your bank sent to you when it received a Garnishment Summons from **PRHHS**). *Calling PRHHS is not sufficient.* You may want to include copies of documents (i.e. benefit letters, bank statements, etc.) to show why your funds are exempt. **If you don't claim an exemption within 14 days from the date the bank mailed the exemption notice to you, the bank may turn over your frozen funds to PRHHS.** If you do claim an exemption on time, the bank will "unfreeze" your funds and release them to you in 7 days unless **PRHHS** "objects" to your "exemption claim." If **PRHHS** "objects," it must send you a written objection to your exemption claim, along with a form entitled "A Request for Hearing and Notice of Hearing." **If PRHHS sends you this form, you must fill out and file with the court the "Request for Hearing" form within 10 days of receiving the objection, or the bank can release your money to PRHHS.**