Collection & Write-Off Policy and Procedure

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<th>Louisiana Department of Health (LDH)</th>
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<td><strong>Policy Number</strong></td>
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| **Inquiries to**                      | Office of Management and Finance, Division of Fiscal Management  
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If there is a discrepancy between an LDH Policy and a Program Office or facility policy, the LDH policy shall govern/overrule/supersede the conflicting section within the Program Office or facility policy.

I. PURPOSE
The purpose of this policy is to establish guidelines for collection of delinquent debt and for obtaining approval for write-offs of accounts receivable.

II. APPLICABILITY
This policy applies to all Offices of LDH operating under the guidance of LDH. It will provide departmental program managers or their designees with procedures for collection of debt. Departmental program managers, for the purpose of this policy, include the following: Office of Management and Finance Division Directors, Office of Public Health Directors, Bureau of Health Services Financing Director, Facility Administrators, Deputy Assistant Secretaries, Assistant Secretaries, and Bureau of Legal Services. The policy will also provide a list of documentation needed to write-off accounts receivable. **Note: Except for “Write Off Procedures” as outlined,**
this policy does not apply to payroll debt managed by the LDH Division of Human Resources, Training and Staff Development, under the purview of the Division of Administration, Office of State Uniform Payroll.

For purposes of this Policy, the following words shall have the following meanings unless the context clearly indicates otherwise:

1. Delinquent debt means a debt that is sixty days or more past due.
2. Non-final delinquent debt means any debt that an agency has notified a debtor is owed but the debt remains unpaid, due, or negotiable for a period of sixty days or more and such debt is not final and/or the debtor has further administrative or judicial review rights to challenge the validity of the debt or the amount owed.
3. Final delinquent debt means debt owed to the agency that has been deemed final by following the procedures outlined in R.S. 47:1676(G).

III. EFFECTIVE DATE
The effective date of this policy is January 8, 2018.

IV. POLICY STATEMENT
It is the policy of the Louisiana Department of Health (LDH) to fully adhere to LA RS 39:79(C)(1) which requires all state agencies to report, on a quarterly basis, to the Commissioner of Administration and the Joint Legislative Committee on the Budget regarding receivables owed to the state agency and their collection activity on such debts. This policy provides procedures for the collection of delinquent accounts and for securing approval from the LDH Undersecretary for write-offs of accounts receivables.

This policy replaces LDH Policy 12.1, Write-off of Accounts Receivable and LDH Policy 80.1, Collection Procedures for Ineligible Patient Bills.

V. RESPONSIBILITIES

COLLECTION PROCEDURES FOR FACILITIES

1. When a patient is admitted or checks in, the facility should interview the patient or other responsible party to obtain for a new patient or confirm for an established patient the following information:
   a. Current home and work address and telephone number
b. Social security number  
c. Date of birth  
d. Name and address of nearest relative or guardian  
e. Guarantor’s or Responsible Party’s information (a., b., and c. above)  
f. Any other relevant information

2. For short-term facilities, at check out, the patient or other responsible party should either pay the bill at which time the bill is to be collected or an agreement signed whereby the bill will be liquidated.

3. If the terms of the payment agreement are not honored within 30 days of the due date, the facility should send a delinquent notice letter notifying the responsible party that payments have not been received and are now due upon receipt of the letter.

4. If payment has not been received within 30 days of the delinquent notice letter date, a second delinquent notice letter should be sent advising that payment is due upon receipt, and if not received within 30 days, the account will be reviewed for collection.

5. If payment has not been received within 30 days of the second delinquent notice letter date, the agency shall submit the debt to the LDH Division of Fiscal Management (DFM) to start the collection process.

6. LDH DFM will send a 60-day delinquent notice letter to the debtors on behalf of the agency printed on agency letterhead. The agency will retain custody of the supporting documentation for the debt and provide any information requested by the debtors. The agency will maintain a record of all payments received in response to the 60-day delinquent notices and send the payment receipt information to DFM weekly.

7. LDH DFM will send a 30-day delinquent notice reminder letter to the debtors who have not remitted payment within 30 days of the 60-day letter. DFM will send the 30-day reminder letter on behalf of the agency printed on agency letterhead. The agency will maintain a record of all payments received in response to the 30-day delinquent reminder notices and send the payment receipt information to DFM weekly.

8. LDH DFM will place for collection with the Office of Debt Recovery (ODR) all debt that remains unpaid 30 days after the 30-day delinquent reminder notice letter date.

9. Only accounts in excess of $25.00 will be referred to ODR for collection. The treating facility will continue to make collection efforts on accounts that are $25.00 or less.

10. Only the Director of a facility or his/her designee may adjust off an account in the
amount of $25.00 or less. If the account is in excess of $25.00, the request for adjustment must be submitted to LDH’s DFM to be presented to the Undersecretary for approval.

COLLECTION PROCEDURES FOR NON-FACILITIES

1. Each non-facility agency is responsible for creating policies and procedures for collection of its types of debt.

2. After a non-facility agency has exhausted all collection efforts, the agency shall submit the debt to the LDH Division of Fiscal Management (DFM) to start the collection process.

3. LDH DFM will send a 60-day delinquent notice letter to the debtors on behalf of the agency printed on agency letterhead. The agency will retain custody of the supporting documentation for the debt and provide any information requested by the debtors. The agency will maintain a record of all payments received in response to the 60-day delinquent notices and send the payment receipt information to DFM weekly.

4. LDH DFM will send a 30-day delinquent notice reminder letter to the debtors who have not remitted payment within 30 days of the 60-day letter. DFM will send the 30-day reminder letter on behalf of the agency printed on agency letterhead. The agency will maintain a record of all payments received in response to the 30-day delinquent reminder notices and send the payment receipt information to DFM weekly.

5. LDH DFM will place for collection with the Office of Debt Recovery (ODR) all debt that remains unpaid 30 days after the 30-day delinquent reminder notice letter date.

6. Only accounts in excess of $25.00 will be referred to ODR for collection. The agency will continue to make collection efforts on accounts that are $25.00 or less.

7. Only the Agency Head or his/her designee may adjust off an account in the amount of $25.00 or less. If the account is in excess of $25.00, the request for adjustment must be submitted to LDH’s DFM to be presented to the Undersecretary for approval.

PAYMENT PLANS AND SETTLEMENTS

1. Agencies may enter into zero-interest payment plans with debtors with a plan duration limited to one year. Agencies must request approval from the LDH Undersecretary to enter into zero-interest payment plans for more than a year. The request must include justification for the extended duration.
2. Agencies may enter into settlements with debtors. However, all settlements must be approved by the LDH Undersecretary.

WRITE-OFF PROCEDURES

1. A departmental program manager who seeks to write-off a receivable shall submit a written request for approval to the Undersecretary of LDH. Attached to the request should be adequate documentation of the reasons for requesting the write-off. Appropriate documentation may include, but not be limited to, the following:
   a. Name and address of debtor
   b. Age of account
   c. Chance of collection is less than 50%
   d. Continued collection efforts are not cost effective
   e. Bankruptcy of the provider
   f. Dissolution of the provider corporation
   g. Inability of LDH to locate original owners
   h. Provider relieved of debt for just cause through administrative appeal process.

2. Upon approval of the request by the Undersecretary or his/her designee, the program manager shall submit the request and approval, with attachments, to LDH DFM for implementation of the write-off. Approval to write-off an account does not forgive the debt. The debtor remains obligated to the state.

3. The agency implementing the write-off shall maintain the documentation for the appropriate legal period for retention of records.

VI. DISCIPLINARY ACTIONS

Any employee who violates this policy may be subject to disciplinary action up to and including dismissal from employment.

VII. REFERENCES

R.S. 47:1676(G).

LA RS 39:79(C)(1)
# VIII. REVISION HISTORY

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<th>Date</th>
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<tbody>
<tr>
<td>October 13, 2017</td>
<td>Policy created</td>
</tr>
<tr>
<td>January 8, 2018</td>
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