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| <br><b>JOHNS HOPKINS</b><br>MEDICINE<br>JOHNS HOPKINS<br>HEALTH SYSTEM | <b>The Johns Hopkins Health System<br/>         Policy &amp; Procedure</b> | <i>Policy Number</i>  | FIN094   |
|   | <i>Subject</i>   | <i>Effective Date</i> | 11-16-07 |
|   | BAD DEBT PLACEMENT   | <i>Page</i>           | 1 of 4   |
|   |  | <i>Supersedes</i>     | 02-15-05 |

**POLICY**

**This policy applies to The Johns Hopkins Health System Corporation (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center, Inc. (JHBMC), Johns Hopkins Community Physicians (JHCP), Howard County General Hospital (HCGH), Johns Hopkins Home Care Group (JHHCG).**

**Purpose**

The purpose of this policy is to describe the process to control the transfer of accounts from active Accounts Receivable to the bad debt receivables file, with reference to JHHS Finance Policies Nos. FIN064 - Billing Practices and FIN063 - Self-Pay Collections.

This policy applies to the transfer of all active accounts receivable to bad debt receivables for: placement with outside agents for collection; placement with internal hospital counsel for further legal action; internal accounts not to be pursued (i.e., to be written off). This policy also applies to agency recalls and second placements.

**Transfers of Bad Debt Accounts**

Acceptable methods of placements of accounts to internal or external agents include magnetic tape media or EDI using a standardized set of patient demographic, charge and billing elements, or paper copies of bills, face sheets, etc. All EDI data transmissions are to be encrypted to protect PHI.

Computer Operations, is responsible for producing the write-off data according to specifications and for delivering the data based on a pre-determined and agreed upon schedule or upon special request.

Transfers of bad debt accounts to external agencies shall occur within three (3) business days of data production and be reconciled with agency acknowledgments within five (5) business days of receipt of the acknowledgments.


Transfers of accounts to an agency may be canceled and returned to the active Accounts Receivable under limited circumstances. These circumstances include: accounts of patients flagged by senior management for monitoring, risk management accounts, prior paid accounts (cash not yet posted to the account), or disputed services accounts. Cancellation requests must be in writing, approved by the Director of Patient Financial Services or designee, and acknowledged by the agency in writing.

Accounts that should be directly written off as non-collectible with no further pursuit include those with legal impediments (e.g., bankruptcy) and unidentified patients (e.g., "John Doe").

**Recalls and Second Placements**

Affiliates may periodically recall transferred accounts from one agency and place with a second based on collection management judgment. Recalls of an account may be delayed when a suit filed by the agency is in process, or collection is imminent.

Accounts should be recalled from agencies and written-off ( not pursued further) based on subsequent discovery that either legal impediment, risk management action, service complaints or improper charges exist on the account.

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|   | BAD DEBT PLACEMENT   | <i>Page</i>           | 2 of 4   |
|   |  | <i>Supersedes</i>     | 02-15-05 |

Agent Contracts

Where applicable, contracts or agreements with outside agents shall maintain patient confidentiality and comply with this policy, the Fair Debt Collection Act and all related applicable state statutes. All external agencies are to comply with HIPAA regulations and will sign a business associate agreement.

REFERENCE


**JHHS Finance Policies and Procedures Manual**

- Policy No. FIN063 - Self-Pay Collections
- Policy No. FIN064 - Billing Practices
- Policy No. FIN073 - Point of Service Cashiering

Fair Debt Collection Practices Act

RESPONSIBILITIES

|  |   |
|--|---|
| Agency Liaison/Representative                        | Control and reconcile write-offs and bad debt placements.<br><br>Maintain logs of accounts sent to agencies and reconcile accounts written off.<br><br>Ensure account data is produced within one business day of request.<br><br>Ensure transfer of bad debt accounts to agencies within three (3) business days of data production and reconcile accounts with acknowledgments within five (5) business days. |
| Director of Patient Financial Services (or designee) | Approve cancellation requests, closures and returns to active Accounts Receivable.<br><br>Review and approve reasonableness of direct write-offs.<br><br>Monitor agency write offs and balance write offs and Accounts Receivables system.<br><br>Maintain general ledger interfaces in conjunction with Department of General Accounting.  |
| Department of General Accounting                     | Reconcile Accounts Receivable and bad debt write-offs in general ledger.  |

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|   | BAD DEBT PLACEMENT   |  | <i>Page</i>           | 3 of 4   |
|   |  |  | <i>Supersedes</i>     | 02-15-05 |

**SPONSOR**

Senior Director, Patient Finance (JHH, JHHS and JHBMC, HCGH)  
 Senior Director of Finance (JHCP)  
 CFO (JHHCG)

**CYCLE REVIEW**

Three (3) years

**APPROVAL**


  
 Vice President of Finance/CFO and Treasurer, JHHS

7-9-09  
 Date

**PROCEDURES**

Inpatient and JHCP Services

1. Agency Liaison/Representative
  - a. Submit request to Computer Operations to produce bad debt placements report if required.
  - b. Ensure that tape or EDI is received within one (1) business day of request.
  - c. Perform reconciliation of write off accounts and maintain logs of accounts transferred to agencies.
  - d. Ensure that tape or EDI and transmittal documents are sent to agencies within three (3) business) days of tape generation.
  - e. Receive acknowledgment from agencies and reconcile within five (5) days to record of accounts sent.
  
2. Director of Patient Financial Services (or designee), JHHS  
 Sr. Director of Business Office, JHCP
  - a. Approve cancellation requests, closures, and return to active Accounts Receivable.
  - b. Review and approve reasonableness of direct write-offs.
  - c. Monitor agency recalls.
  - d. Balance write-offs and the Accounts Receivable system.

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|   |  |  | <i>Supersedes</i>     | 02-15-05 |

- e. Maintain general ledger interfaces in conjunction with Department of General Accounting.
- 3. Department of General Accounting
  - a. Reconcile aggregate Accounts Receivable and bad debt write-offs monthly.