

# Collection Policy

## Policy

It is the policy of Mayo Clinic to pursue collection of patient balances from patients who have the ability to pay for these services. Collection procedures will be applied consistently and fairly for all patients regardless of insurance status. All collection procedures will comply with applicable laws and with Mayo's mission. For those patients unable to pay all or a portion of their bill, the Charity Care Policy will be followed.

Collection agencies and law firms may be enlisted only after all reasonable collection and payment options have been exhausted. Agencies may help resolve accounts for services where patients are uncooperative in making payments, have not made appropriate payments, or have been unwilling to provide reasonable financial and other data to support their request for charity care. Collection agency staff will uphold the confidentiality and individual dignity of each patient. All agencies will meet all HIPAA requirements for handling personal health information.

## Purpose

This Policy, along with the related Charity Care Policy, establishes reasonable procedures regarding collection of patient accounts including external collection agencies and law firms. The purpose of the policy is to reasonably balance the need for financial stewardship with needs of individual patients who are unable or unwilling to pay their accounts.

## Scope

This policy applies to all Mayo Clinic sites, including Mayo Clinic Health System sites. The term "Mayo" shall refer to Mayo Clinic and affiliated entities including Mayo Health System sites.

## Policy Statements

Responsible	Action
Mayo Clinic Finance	<p data-bbox="266 1123 727 1163"><b>Financial Expectations</b></p> <p data-bbox="266 1184 1568 1289">Consistent with this Policy and the Charity Care Policy, Mayo should clearly communicate with patients regarding financial expectations as early in the appointment and billing process as possible.</p> <ul data-bbox="315 1310 1568 1640" style="list-style-type: none"><li data-bbox="315 1310 1568 1381">• Patients are responsible for understanding their insurance coverage and for providing needed documentation to aid in the insurance collection process.</li><li data-bbox="315 1402 1568 1549">• All patients may be required to pay a pre-service deposit or estimated co-pays and deductibles prior to services (except in emergent situations) or amounts may be collected after services are provided, based on the current business practices of individual Mayo sites.</li><li data-bbox="315 1570 1568 1640">• Patients are generally responsible for paying self-pay balances, including any amounts not paid by insurance companies.</li></ul> <p data-bbox="266 1661 1568 1835">If the patient has a previous bad debt or outstanding balance, Mayo Clinic will try to collect amounts owed before future appointments are granted. If arrangements cannot be made for resolving the patient's outstanding balance, future care may be limited or denied. Pre-service deposits may be required. This does not include emergency care or continuation of clinical care approved by the patient's physician.</p> <p data-bbox="266 1871 1159 1911"><b>Collection Authorization and Responsibility Matrix</b></p>

To assure that Mayo’s Collection Policy and Charity Care Policy, and related procedures are fully and consistently applied, the Collection Authorization and Responsibility Matrix (CARM) defines, by job title, who is authorized at Mayo Clinic in Arizona, Mayo Clinic in Florida, and Mayo Clinic in Rochester to take the following actions:

- Authorize filing of litigation against any particular patient to collect medical debt.
- Authorize a debt collection agency or attorney to proceed with garnishment of a particular patient’s bank account or wages.
- Refer a patient account to a third-party debt collection agency.

<b>Collection Authorization and Responsibility Matrix</b>	
<b>Approval For</b>	<b>Role</b>
Placement to Agency	Assistant Financial Representative
Legal Action	Assistant Financial Representative
Default Judgment	Responsible Legal Department Attorney
Garnishment Exemption	Responsible Legal Department Attorney
Judgments Not Defaults	Operations Analyst III, Supervisor or Manager
Garnishments	Operations Analyst III, Supervisor or Manager

Each Mayo Clinic Health System site shall develop and maintain their own CARM.

## **Insurance Collections**

Mayo shall maintain and comply with policies and procedures to ensure the timely and accurate submission of claims to all known primary third-party insurance payors with whom Mayo has a contract (“third-party payor”). If a Mayo entity timely receives from the patient information about the patient’s third-party payor but does not timely submit a claim to the third-party payor, the Mayo entity shall not bill the patient for any amount in excess of that for which the patient would have been responsible had the third-party payor paid the claim. Mayo entities shall not refer any bill to a third-party collection agency or attorney for collection activity while a claim for payment of the bill is pending with a third-party payor with which the Mayo entity has a contract. The Mayo entity may refer a bill to a third-party collection agency or attorney following an initial denial of the claim by the primary third-party payor. The Mayo entity shall not refer any bill to a third-party collection agency or attorney for collection activity when a claim is denied by a third-party payor due to the Mayo entity’s error, and such error results in the patient becoming liable for the debt when they would not otherwise be liable. Mayo reserves the right to substantiate that an error has truly been made. Patients must sign an authorization allowing Mayo entities to bill the patient’s insurance company or any other third party payer and must cooperate with Mayo entities in a reasonable manner to facilitate proper billing to a patient’s insurance company.

Mayo Clinic makes every reasonable attempt to collect from all known third-party payors with whom Mayo has a contract for services provided to assist patients in resolving their bills.

- Mayo Clinic will collect all amounts permitted from third-party payors, utilizing electronic and paper claims filing methods.
- Those responsible for third-party payor filing and collections will employ standard procedures and make reasonable efforts to ensure that third-party payors have paid claims appropriately.
- Mayo will work with patients toward resolution of outstanding insurance issues.

## **Self-pay Collections**

Mayo Clinic will employ reasonable procedures in a fair and consistent manner to collect patient self-pay balances, maintaining confidentiality and patient dignity.

- Self-pay collection procedures and process flows should be developed by each site and must fully comply with this Policy. Sites will develop documentation, describing their detailed collection procedures including timing of the collection steps and any outsourced steps. Where possible, sites should jointly develop collection tools to provide a consistent patient experience.
- Each site must develop a streamlined process for patients to question or dispute bills, including a toll-free phone number patients may call and an address to which they may write. The phone number and address shall be listed on all patient bills and collection notices sent by each Mayo entity. Mayo entities shall return telephone calls made by patients to this number as promptly as possible, but in no event later than one business day after the call is received. Mayo entities shall respond to correspondence sent to this address by patients within a reasonable period as defined by each site.
- Collection procedures may be delineated based on balance size, past collection experience, and anticipated collectability. Credit scoring or other tools may be used to predict collectability, if proper authorization has been received from the patient.
- Standard collection tools may include:
  - Letters requesting payment
  - Phone calls requesting resolution of the balance
  - Letters indicating the account may be placed with a collection agency
  - “Early- out” (pre-agency, outsourced efforts) collection programs performing the above tasks
- Collection letters and phone call protocols and scripts should be developed by each site to ensure communications with patients are appropriate and consistent.
- For Mayo Clinic hospital based sites located in Minnesota that are subject to the Stipulated Agreement with the MN Attorney General (“MN Stipulated Agreement”), all collection notices sent to patients from these Mayo entities or from their third-party debt collection agencies or attorneys must include the following language with the prominence required for notices under the Federal Fair Debt Collection Practices Act: “If you feel your concerns have not been addressed, please contact (MCHS Owatonna) at (866-273-9676) to allow us the opportunity to try to address your concerns, or 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.”

- If a patient advises a Mayo entity, its debt collection agency, or an attorney retained to collect the debt that: a) the patient does not owe all or part of a bill or b) a third-party payor should pay the bill, the Mayo entity, its collection agency or attorney must respond to the patient's concern, verbally or in writing, to establish that the patient owes the debt or that the applicable third-party payor has already paid all amounts for which it is obligated. If the patient is providing new primary insurance information, the Mayo entity will bill the appropriate third-party payor. If the patient needs documentation concerning the bill, the Mayo entity, its collection agency, and attorneys must suspend further collection efforts until the Mayo entity or its agency or attorney provides the patient with documentation requested. Mayo and its collection agency and attorneys shall provide the requested documentation in writing within ten (10) days of receiving a request and shall not pursue further collection activity for a period of 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 Mayo. If Mayo provides the required documentation and the patient does not respond within 30 days, Mayo may resume collection activity and instruct its collection agency and attorneys to resume collection activity. Once a Mayo entity has provided the documentation that the debt is owed and considered all information supplied by the patient, the entity can continue collection efforts to resolution.
- Each Mayo entity shall maintain a system to record all patient inquiries. A log of patient complaints received by its billing offices, including complaints received on its toll free number and designated address for written complaints, regarding the collection of medical debt by the Mayo entity or by its third-party collection agencies or attorneys will also be maintained. Such records may be maintained at more than one location.
- Sites should consider printing letters in multiple languages when languages other than English are common in practice populations.

## **Balance Resolution**

Mayo Clinic is committed to working with each patient toward equitable resolution of the patient's self-pay balances. Financial hardship and charity care adjustments may be considered for those patients whose income and assets will not allow full payment of services within a reasonable time.

- During collection interactions with Mayo Clinic patients, staff must be flexible and willing to work with the patient to equitably resolve their account.
- Mayo will offer multiple options for resolving patient self-pay balances.
- Representatives will discuss various options available to patients and help patients identify which option may best meet their needs and Mayo's collection goals. Options may include:
  - Cash, check, debit or credit cards
  - Dividing payments over two months or three months
  - Offering longer term interest free payment plans (each site will document their minimum payment terms matrix based on their site's repayment expectations)
  - Offering substandard terms for temporary situations
  - Offering loan programs that charge a reasonable interest rate for individuals that are unable to pay their balances according to the standard payment

matrix. Each site will determine whether it will offer such a loan program.

- If a patient has additional services and additional self-pay balances are owed, Mayo will require increases to the patient's current payment plan, based on the patient's ability to pay.
- Every effort should be made to improve communication with patients and attempt to prevent referrals to outside collection agencies.
- At any stage of the patient experience, including collections, a determination may be made that the patient qualifies for charity care. The Charity Care Policy will govern handling of that patient balance.

## **Staff Training**

A staff training program is essential for successful customer service and collection interactions.

- Training should highlight Mayo Clinic expectations for treating patients with dignity along with acceptable collection scripts and information necessary to effectively inform patients regarding the Charity Care Policy.
- Staff responsible for collecting self-pay accounts (pre or post service) should be trained on customer service, account negotiation/resolution and collection skills
- Annual refresher courses should also be a regular part of continuing education training for representatives
- In recognition that some patients express their financial concerns directly to their treatment providers (e.g., doctors, nurses, etc.), Mayo entities shall train their staff responsible for admissions, billing, and providing direct patient treatment, about the existence of Mayo's Charity Care Policy and how a patient may obtain more information about the Charity Care Policy or submit an application for Charity Care.

## **Write-off Procedures**

Each site will develop written write-off procedures.

- Write-off authorization guidelines will also be developed and documented to ensure adjustments are properly authorized.
- Accounts may be written off to bad debt at any point in the process, when the Mayo site determines it is no longer economical to continue with collection efforts for that particular balance.

## **Credit Reporting**

Mayo Clinic in Rochester and hospital based Mayo Clinic Health System sites located in Minnesota

- Neither Mayo Clinic nor Mayo Clinic Health System hospital based sites in Minnesota shall report or authorize a collection agency to credit report a Minnesota resident to a credit bureau as a result of that patient's failure to pay a medical bill, except as otherwise permitted by the MN Stipulated Agreement and as agreed to by Mayo Clinic.
- The collection agency will clear a Medicare non-Minnesota resident's credit file when the account is returned from the agency as uncollectible.

Mayo Clinic in Arizona, Mayo Clinic in Florida and Mayo Clinic Health System sites

- Reporting to a credit bureau will be used by a Mayo entity, debt collection agency or attorney when it has been determined a patient is responsible for a debt, able to pay, but unwilling to cooperate in paying their medical bill.
- The collection agency will clear a Medicare patient's credit file when the account is returned from the agency as uncollectible.

## **Monitoring and Measuring Performance**

- Metrics to monitor the effectiveness of and compliance with this Collection Policy and the related Charity Care Policy shall be developed. Measures shall include:
  - Annual review of all third-party debt collection agencies and debt collection attorneys and of Mayo internal debt collection practices to assess level of compliance with Mayo's Collection Policy and Charity Care Policy
  - Percentage of self-pay accounts referred to collection agencies and the collectability rate of those accounts
  - Percentage of accounts with payment activity
  - Average age of self-pay accounts receivable
- The annual reviews shall be presented to the governing board of each Mayo entity one time per year and shall specifically review Mayo entity practices in the following areas:
  - The filing of debt collection litigation against Mayo patients, including garnishment of patient wages or accounts subsequent to entry of a default judgment
  - The debt collection activity of the entity's third-party debt collection agencies
  - The debt collection activities of the entities internal debt collectors
  - The entity's compliance with the Mayo Collection Policy and Charity Care Policy
  - The results of the annual reviews by the entities' Chief Executive Officer to determine whether the entity should issue to or renew any contract with any third-party debt collection agency or attorney

## **Collection Agency**

- Mayo strives to assist all patients in meeting their financial obligation prior to enlisting the assistance of a collection agency. Third-party debt collection agencies may be enlisted only after all reasonable collection and payment options have been exhausted. Agencies may help resolve accounts for services where patients are uncooperative in making payments, have not made appropriate payments, or have been unwilling to provide reasonable financial and other data to support their request for charity care.
- Collection agency staff will uphold the confidentiality and individual dignity of each patient. All agencies will meet all HIPAA requirements for handling protected health information.
- When reviewing the account for referral to a collection agency, the responsible person

on the [Collection Authorization and Responsibility Matrix](#) must confirm that:

- There is a reasonable basis to believe that the patient owes the debt
- All known primary third-party payors have been properly billed by the Mayo entity such that any remaining debt is the financial responsibility of the patient. The Mayo entity shall not pursue collection against a patient for any amount that an insurance company is obligated to pay, provided the patient has given authorization to bill.
- All collection methods by the collection agency shall be in accordance with the Fair Debt Collection Practices Act
- Where the patient has indicated an inability to pay the full amount of the debt in one payment, the Mayo entity has first offered the patient a reasonable payment plan. The Mayo entity may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment.
- The patient has been given a reasonable opportunity to submit an application for Charity Care under Mayo's Charity Care Policy. Particular attention should be given when a patient is uninsured or is on Indigent Care, Medical Assistance, or other relief based on need.
- The patient is not making payments on the account in accordance with the terms of a payment plan previously agreed to by the Mayo entity (Note: As per the Collection Policy, payment plans may increase due to additional services provided that result in an increase of self-pay responsibility.) No referral to collection agencies shall occur if the patient is making such payments.
- If a patient submits an application for Charity Care after an account has been referred for collection activity, the Mayo entity shall suspend all collection activity until the patient's Charity Care application has been processed and the Mayo entity has notified the patient of its determination.

### **Collection Agency Relations**

- Each Mayo entity will contract with collection agencies as long as service, price and performance are as good as or better than competing agencies.
- Mayo Clinic and each Mayo Clinic Health System site will execute a contractual agreement with each agency.
- Outstanding patient accounts will be assigned to agencies based upon their ability to perform in full compliance with this Policy and the Charity Care Policy and the terms of their written contract.
- Agencies will be contracted as long as they fulfill their contractual agreement.
- Mayo Clinic and Mayo Clinic Health System monitor and measure all customer complaints, work with agencies to expedite resolution, and may contact the patient independently to confirm resolution.

### **Collection Agency Agreements**

- Each Mayo entity utilizing the services of a collection agency shall enter into a written contract with the collection agency requiring the collection agency to act in accordance with Mayo's Charity Care and Collection Policies, and all applicable laws. Each such contract shall be in a form approved by Mayo Clinic's General Counsel.

- Collection fees shall be contingent upon only actual monies collected whether paid directly to a Mayo Clinic entity or collection agency. Mayo entities shall 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. Mayo entities are not prohibited from paying a collection agency a percentage of the debt collected from a particular patient. Each contracted collection agency must agree that the commission rate shall be its sole source of compensation. Fees shall be computed as follows:
  - For first and second placements, a straight percent commission on a contingent basis will be calculated on all monies collected from patient or guarantor, irrespective of amount, age of account, or location.
- The written contract must establish adequate controls to ensure that each collection agency acts in a manner consistent with Mayo's Charity Care and Collection Policies and Mayo's mission.
- An annual review will be conducted to determine if any changes should be made. If appropriate, discussion(s) with each agency will occur to renegotiate or terminate contracts.

### **Monitoring Collection Agency Agreements**

- Mayo Clinic and Mayo Clinic Health System will analyze collection agencies' performance at regular intervals, with coordination among entities that utilize the same agencies. The analysis reviews the agency's ability to fulfill the contract, communications, placements, collections, fees, complaint log, economics of scale, service, etc.
- Each third-party debt collection agency and attorney that provides services for a Mayo entity regarding a patient account shall:
  - Keep a record of the date, time, and purpose of all communications to or from Mayo patients.
  - Document all oral and written complaints received from any patient concerning the conduct of the agency. For documentation purposes, 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. The agency/attorney shall provide a complete copy of the documentation to the contact designated in its Mayo written contract every-other month not later than the 15th day of March, May, July, September, November, and January (covering the prior two calendar months). Failure by the agency to document and report a complaint in the manner specified above may result in termination of the agency's contract by Mayo.
  - Respond timely to patient requests for information concerning the financial status of their account and/or acknowledging any additional information provided. The agency/attorney is contractually obligated to speak directly to the patient and must report immediately to Mayo any new information obtained from the patient that would warrant financial review. Mayo entities shall direct patient inquiries to the contracted agency/attorney; however, the Mayo entity shall not refuse to supply contact or other information or refuse to speak with any of its patients on the basis that the patient's account has been placed with a third-party debt collection agency or attorney for collections.
  - Cooperate with Mayo and affirmatively take all reasonable steps so that all

persons providing services in connection with Mayo patients understand the contents of Mayo's Charity Care Policy, understand how patients may obtain more information about Mayo's Charity Care Policy, and understand how to submit an application for Charity Care to Mayo. If the agency or attorney receives information reasonably indicating that a patient referred by Mayo may be eligible under Mayo's Charity Care Policy the agency or attorney shall immediately suspend collection action until Mayo makes a Charity Care determination and affirmatively instructs the agency whether to recommence collection activity.

- Include the following language on all collection notices sent to referred Mayo patients who reside in Minnesota and who received services at a Mayo site subject to the MN Stipulated Agreement and on all cover letters serving all lawsuits and garnishment papers in Minnesota with the prominence required for notices under the federal Fair Debt Collection Practices Act:
  - "If you feel your concerns have not been addressed, please contact (MCHS Lake City) at ( 651-345-1150 or 651-565-5922) to allow us the opportunity to try to address your concerns, or 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."
- Patient complaints about collection agencies will be resolved in an appropriate manner.
- The appropriate collection agency will be contacted to resolve the complaint in the most thorough and expedient fashion.
- The appropriate Mayo entity and/or department may contact the complainant to confirm that their complaint has been resolved and/or satisfied.
- Complaints will be documented and filed at the appropriate Mayo entity.

### **Legal Action**

In certain cases, it may be prudent to pursue legal action to collect patient balances. Situations that may qualify include patients who keep insurance payments or settlements owed to Mayo for care and patients who refuse to pay an undisputed bill for patient services even though they have sufficient resources to pay. Legal follow-up and commencing a lawsuit is appropriate and permitted subject to the following policies and procedures:

- Authorization to take legal action against a patient for the collection of medical debt will be provided on a case by case basis.
- Legal action shall not be filed against any particular patient to collect medical debt until the appropriate individual identified in the Collections Authorization and Responsibility Matrix authorizes litigation after verifying that:
  - There is a reasonable basis to believe that the patient owes the debt
  - All known third-party payors have been properly billed such that any remaining debt is the financial responsibility of the patient
  - Where the patient has indicated an inability to pay the full amount of the debt in one payment, Mayo has offered the patient a reasonable payment plan. Mayo will require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment.
  - The patient has been given a reasonable opportunity to submit an application

for Charity Care if the facts and circumstances suggest that the patient may be eligible for Charity Care including, that the patient is uninsured or is enrolled in an Indigent Care Program, on Medical Assistance, or eligible for other relief based on need.

- No Mayo entity subject to the MN Stipulated Agreement nor its agents shall 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 the Mayo Entity to collect debt from a patient.
- No legal action will be initiated against any debtor's account until Mayo has given written authorization to commence such action. The collection agency will make every effort to collect on an account prior to commencing legal action. In the event that legal action must be taken, legal costs of any kind shall be advanced by the collection agency or law firm, and the action will be initiated in the name of the applicable Mayo entity. The commission fee on such an account will be a straight percentage, on a contingency.
- Mayo entities shall enter into written contracts directly with any attorney or law firm utilized by it to collect debt from its patients and shall not subcontract or delegate the selection of any third-party debt collection attorney or law firm to its debt collection agency. Such written contracts shall require the attorney or law firm to act in accordance with the terms of the Mayo Charity Care and Collection Policy and all applicable laws. Such written contracts shall prohibit payment to any debt collection attorney or law firm of 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. Collection fees shall be contingent upon only actual monies collected whether paid directly to a Mayo Clinic entity or collection agency. Each contracted collection agency must agree that the commission rate shall be its sole source of compensation. Fees shall be computed as follows:
  - For first and second placements, a straight percent commission on a contingent basis will be calculated on all monies collected from patient or guarantor, irrespective of amount, age of account, or location.
- Mayo establishes adequate contractual controls to ensure that the attorney acts in a manner consistent with its policies, procedures, and mission.
- Mayo's General Counsel or designated attorney and Legal Department shall oversee the conduct of each third-party attorney retained by any Mayo entity to collect medical debts from its patients and shall oversee all debt collection litigation. Each third-party debt collection attorney retained by a Mayo entity shall take the following actions with respect to the collection of medical debts from Mayo patients:
  - If filing is not required to commence a legal action in the particular jurisdiction, file any lawsuit brought against Mayo patients for the collection of medical debt with the applicable court no later than seven (7) days after the law firm learns that the lawsuit has been served upon the patient
  - Sign and date all pleadings, including but not limited to all summonses and complaints and garnishment summonses and related documents
  - Ensure that all affidavits of service which purport to document the service of any pleading or legal papers state the following:
    - If the pleading is served by mail, the affidavit of service shall state the

address to which it was mailed;

- 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 subsection.
- Regarding litigation conducted in Minnesota that is subject to the MN Stipulated Agreement, serve along with any District Court summons and complaint the Lawsuit Information Sheet or such other form approved in advance by the Minnesota Attorney General. See attached document.
- List in the case caption of all pleadings the county where the lawsuit is or will be venued.
- Regarding litigation in Minnesota subject to the MN Stipulated Agreement, never affirmatively petition any court to have any debtor arrested, or any arrest warrant or body attachment issued, or to directly 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 the Mayo entity in connection with efforts to collect medical debt from the patient.

### **Default Judgments**

- Mayo entities shall not obtain a default judgment against any particular patient without the specific case-by-case approval of its General Counsel or a member of the Legal Department. Any motion for a default judgment shall be served upon the patient at the patient’s last known address. Prior to authorizing a default judgment, determination shall be made that 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 Mayo, its debt collection agency, or its attorneys
  - Whether the patient is sick, disabled, infirm, or elderly so as to potentially render the patient unable to answer the complaint
  - Whether the patient may not have received service of the complaint.
- If Mayo has knowledge of the identity of an attorney representing a patient in connection with Mayo debt collection efforts, it shall notify its third-party debt collection attorney, law firm, and agency of the identity of any attorney who represents the patient. Neither Mayo, nor any contracted collection agency or attorney retained by any Mayo entity, shall directly contact any patient known to be represented by an attorney with regard to the collection of that debt without the permission of the patient’s attorney.

### **Garnishments**

- No Mayo entity shall give any debt collection agency or attorney any blanket authorization to pursue the garnishment of patients’ wages or bank accounts. However, a garnishment authorization may be provided at the time a lawsuit is authorized.
  - Before a Mayo entity authorizes its debt collection agencies or attorneys to proceed with garnishment of a particular patient’s bank account or wages, the appropriate personnel must verify that:
    - The Mayo entity 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.

- There is a reasonable basis to believe that the patient owes the debt
  - All known primary third-party payors have been properly billed by the Mayo entity, such that any remaining debt is the financial responsibility of the patient and provided that the Mayo entity shall not bill a patient for any amount that an insurance company is obligated to pay unless the claim has been denied or the third party payor does not respond to the claim. If required by the relevant State or Federal law the patient must also provide an authorization to bill the third party payor
  - All collection methods by the collection agency and law firm were in accordance with the Fair Debt Collection Practices Act.
  - Where the patient has indicated an inability to pay the full amount of the debt in one payment, the Mayo entity has first offered the patient a reasonable payment plan. The Mayo entity may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment and if the patient does not cooperate, there is no obligation to offer a payment plan.
  - The patient has been given a reasonable opportunity to submit an application for Charity Care, if the facts and circumstances suggest that the patient may be eligible for Charity Care, including, for example if the patient is uninsured or is on Indigent Care, Medical Assistance, or other relief based on need.
- No Mayo entity shall garnish the wages or bank account of any patient unless it has first obtained a judgment against the patient in court for the amount of the debt.
  - Mayo shall require its law firm to send an appropriate notice to any patient of a garnishment action. With respect to patient accounts subject to the MN Stipulated Agreement, the law firm shall include the attached Garnishment Information Sheet to the Garnishment summons.
  - If a patient submits a written claim that the patient's account or wages are exempt from garnishment, Mayo's third-party debt collection attorney shall not object to the claim or exemption without receiving specific, case-by-case approval of Mayo's General Counsel or an attorney in the Mayo Legal Department. In deciding whether to grant such approval in a particular case, the Mayo attorney shall review all information submitted by the patient in support of the patient's claim of exemption.
- To ensure agencies' accuracy and performance, Mayo Clinic and Mayo Clinic Health System perform due diligence by monitoring and reconciling through a variety of management reports. Any discrepancies are expediently investigated and resolved.
    - Performance reports, e.g., collection activity
    - Status reports, e.g., recovery analysis
    - Judgment reports, e.g., legal status

- Acknowledgement reports, e.g., reconciliation activities
- The following assets will not be pursued:
  - Foreclosure on a patient's primary residence
  - A patient's child support income
  - A patient's retirement account balances
  - A patient's Social Security income
  - Anything else that Mayo identifies pursuant to policy
- Liens may be placed on patients' assets, including homes, when it has been determined that the patient has significant ability to pay their Mayo balance. This would enable Mayo to collect amounts due when the asset is sold.
- Mayo Clinic and Mayo Clinic Health System may withdraw any account, even if in legal action, by simply making the request.
- The following accounts are to be closed, and returned immediately to the appropriate Mayo entity for reevaluation and documentation, as necessary.
  - A patient/guarantor who appears to be indigent or otherwise qualified for a charitable adjustment of the subject accounts receivable under Mayo's Charity Care Policy.
  - A patient/guarantor who files bankruptcy. The bankruptcy case number and file number must accompany the account file that is returned to Mayo.
  - A patient/guarantor who expires. The date, place and other pertinent information regarding the death must accompany the account file that is returned to Mayo. Mayo shall file appropriate accounts with probate courts.
  - A patient/guarantor who has workers' compensation charges applied to their account or when the patient guarantor filed a legal action in the relevant workers' compensation system and payment of the medical bills is part of that legal claim.
  - Accounts where a patient/guarantor has entered into a payment plan or expressed a desire to begin payments to Mayo and sends in an agreed upon payment prior to placement.

### **Fair Dealing**

- The contracted collection agencies and law firms shall employ reasonable care and conform to the Fair Debt Collection Practices Act and all other applicable laws in attempting to collect amounts referred for placement.
- At the request of Mayo, the contracted collection agency shall provide access to their records for audit.

### **Enforcement**

It is the policy of each Mayo entity, through adoption of this Policy by its governing board and by the Board of Trustees of Mayo Clinic, that these policies will be enforced for all collection staff, collection agencies and attorneys. Any abusive, harassing, or misleading language or conduct by its employees responsible for collecting medical debt from patients and from its debt collection agencies and attorneys and their respective agents and employees will be addressed through corrective action procedures.

## Equal Opportunity

When making decisions throughout the collection process, Mayo Clinic is committed to upholding the multiple federal and state laws that preclude discrimination on the basis of race, sex, age, religion, national origin, marital status, sexual orientation, disabilities, military service, or any other classification protected by federal, state or local laws.

## Confidentiality

Mayo staff will uphold the confidentiality and individual dignity of each patient. Mayo Clinic and Mayo Clinic Health System will meet all HIPAA requirements for handling personal health information.

## Miscellaneous

- All collection agency contracts will be submitted to legal counsel for review prior to signature and a copy of all executed contracts shall be promptly provided to Mayo's General Counsel or responsible Mayo attorney who shall maintain a matrix listing, by entity, the name of each outside collection agency or outside attorney under contract and the expiration date of such contract.
- At least annually, the Chief Executive Officer of each Mayo legal entity and the General Counsel of Mayo Clinic or responsible Mayo attorney shall review and determine whether or not to issue or to renew any contract with a third-party debt collection attorney. In making such determination, the Chief Executive Officer and General Counsel shall consider whether the debt collection attorney has acted in a manner consistent with Mayo policies (including the Charity Care and Collection Policies), and with Mayo's mission, and with applicable law. This annual review may be conducted in conjunction with the annual review performed by the governing board of the relevant Mayo site. This policy may be reviewed annually by the Board of Trustees.

## Definitions

- **Charity Care** is the cost for providing free or discounted care to persons who cannot afford to pay, and for which Mayo Clinic ultimately does not expect payment. Mayo Clinic may determine inability to pay before or after care is provided.
- **Bad Debt** is the cost for providing care to persons who are able but unwilling to pay some portion of the medical bill for which they are responsible.

## Related Documents

[Collection Agency Lawsuit Information Sheet](#)

[Collection Agency Garnishment Form](#)

## References

N/A

## Content Source

Mayo Clinic Legal Department

## Revisions/Document History

<b>Effective Date</b>	<b>Synopsis of Change</b>
1-17-11	Updated to new format to comply with Mayo Clinic Policies, Procedures, and Processes Program. Policy has been in effect prior to conversion. - cah05
4-6-11	Corrected formatting - removed additional blank lines - cah05
12-2-11	Changed Mayo Health System verbiage to Mayo Clinic Health System - cah05
12-16-11	In the Credit Reporting section, added statement to clear Medicare patients credit file when account returned from agency as uncollectible - cah05
2-28-2012	In the Monitoring Collection Agency Agreements section under the bullet "If you feel your concerns have not been addressed", added MCHS Lake City contact information. -m049758.