

 Public Health	
Policy Name:	Debt Collection (Set-Off), Bad Debt Write-Off Policy
Policy Number:	HD: 32
Effective Date:	1/8/1998

Policy:

Debt Collection (Set-Off), Bad Debt Write-Off

The Durham County Department of Public Health (DCoDPH) charges fees for provided services. Charges can be covered by third-party payors (such as private insurance, Medicare and Medicaid) or a guest can be considered self-pay and assessed on a sliding fee scale. The sliding fee scale is updated yearly and distributed by the NC Division of Public Health’s Women, Infant and Community Wellness Section Reproductive Health Branch. Calculations are based on family size and income. Many guests may qualify for self-pay fees at less than 100% based on the sliding scale. The sliding fee scale does not apply to Environmental Health fees. DCoDPH shall endeavor to collect all unpaid balances.

Purpose:

The purpose of this policy and its procedures are to provide written guidance regarding delinquent and uncollectible self-pay accounts for DCoDPH.

Procedures:

1.0 Self-Pay Debt Collection

- a. Every effort should be made to collect the self-pay balance due at the time of service. Guests with balances greater than \$25.00 shall receive a monthly statement.
- b. If the self-pay balance due is not collected at the time of service, payment will be due within 30 days from service the date. Payment schedules may be established upon guest’s inability to make payment in full. Failure to collect the debt after 30

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days shall constitute enforcement of the procedures for delinquent/outstanding balances.

- i. Delinquent Accounts are defined as accounts that have an outstanding self-pay balance that is 30 days or more past due.
 - ii. Uncollectible Accounts are defined as delinquent accounts that do not have any payment or service activity for more than 12 months.
- c. Third-party payers will be billed the full fee for services as set in the DCoDPH fee schedule. Payment in full for services will be based on the contracted rate established with each third-party payer.
 - d. The Public Health Finance Division must ensure adherence to established collection control procedures in order to maintain records of collection efforts showing date, type of follow-up, response and subsequent action taken on past due accounts.
 - e. Each month, as self-pay accounts age, they must be reviewed and necessary follow-up action performed, including, but not limited to additional letters.
 - f. Statement of charges for confidential services shall not be mailed and will be temporarily placed in the guest's chart to be given to the guest at their next office visit, in addition to informing them of any outstanding balance.
 - g. Collection efforts for guests with outstanding self-pay balances who file Chapter 13 Bankruptcy will cease at the initial date of the bankruptcy claim. Collection efforts will resume for new services rendered during or after the bankruptcy claim or if the guest is dismissed from bankruptcy due to non-compliance.
 - h. After 60 days delinquent, letters will be mailed to guests giving them 30 additional days to make a payment, arrange a payment, or dispute the debt. The DCoDPH will utilize the NC Debt Set-off Program for delinquent accounts more than 90 days in arrears with a balance of \$50.00 or more and for guests who are out of compliance with their payment agreements.

1.1 Bad Debt Write-Off

- a. Durham County adheres to a 10-year aging guideline for writing off self-pay receivable accounts. After 10 years a delinquent account qualifies for write off.

In the eleventh year, when recourse through debt set off has been exhausted, bad debt accounts may be written off following BOCC approval.

- b. Public Health Accounts will age beginning with the Date of Service (DOS) performed. If no date of service is available as a result of previous conversion from older legacy systems, aging will begin with the go-live date of the new system however that account cannot be submitted for Debt Set-Off.
- c. The Public Health Finance Administrator or designee will compile the list for Medical and Dental bad debt write-off account balances annually at fiscal year-end.
- e. Accounts meeting the 10-year criteria for bad debt write-off are presented annually to (1) Board of Health for approval, (2) County Finance for review and the (3) Board of County Commissioners for approval to be written off within 90 days of Durham County's fiscal end.
- f. If a DCoDPH database becomes obsolete or otherwise unusable, the Public Health Director may use a different write-off schedule. This especially pertains to outdated software or changes in programs where access from one to another cannot be easily accessed to view guest accounts.

1.2 Debt Set-Off Process

The 1979 session of the General Assembly established the Set-Off Debt Collection Act (G.S. 105A). The Act provides that N.C. individual income tax refunds are subject to State claims. A refund in whole or in part may be applied against any past due indebtedness owed the State, provided both the debt and refund, if any, are at least fifty (\$50.00) dollars.

DCoDPH self-pay collection efforts will be pursued based on the NC Local Government Debt Set-Off Clearinghouse program to recover uncollectible accounts in the following manner:

- a. A report is generated weekly from the electronic health record system that identifies patient accounts aged greater than 60 or more days in which the balance owed is \$50 or greater.
- b. After the outstanding self-pay debt has been delinquent for 60 days, letters are generated notifying guests of the decision of the DCoDPH to submit the debt to the NC Debt Set-Off program. Letters are generated prior to any action, allowing 30 days for the guest to make restitution or request a hearing to dispute the debt. All

hearing disputes are handled by an independent DCoDPH staff person designated as a Hearing Officer.

- c. If no response is received within the 30-day time limit following the letter, the outstanding self-pay debt amount is submitted to Debt Set-Off.
- d. Public Health Finance Division staff will produce a debt collection file; identifying uncollectible accounts that qualify for Debt Set-Off.
- e. The following accounts are NOT sent to debt setoff:
 - i. Medicaid/Medicare Patients,
 - ii. Guests that are minors,
 - iii. Guests without social security numbers,
 - iv. Accounts setup for garnishment,
 - v. Patients that live outside of NC,
 - vi. Accounts under \$50.00,
 - vii. Accounts that may violate client confidentiality (e.g. a guest experiencing intimate partner violence,
 - viii. Patients with active Chapter 13 bankruptcy notices

Any receipts from the guest's NC state tax refund or education lottery winnings will be applied to their self-pay account balance. If the guest appeals the action, an appeal will be handled by the Hearing Officer.

References:

- North Carolina Administrative Code 10A NCAC 43A.0206, Direct patient Charges
- US Chapter 13 Bankruptcy Law
- NC General Statute, Chapter 105A, Debt Setoff Collection
- Durham County Department of Public Health Fee Policy
- NC Division of Public Health's Women, Infant and Community Wellness Section Reproductive Health Branch Annual Gross Family Income Sliding Fee Scale

CHANGE HISTORY:

Version	Date	Comments
A	1/8/1998	Original document.
B	11/12/2009	Revised document

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C	12/4/2012	Revised document, new logo, replaced DCHD with DCoDPH
D	12/19/2013	Reviewed; format changes
E	8/31/2015	Addition to #3 under Bad Debt Write-Off referencing 45 day window following fiscal year end for presentation to the BOH
F	10/31/2016	Revised document
G	09/12/2017	Changed phrase Debt Write-Off to Bad Debt Write-Off
E	08/17/2018	Added reference to charges for services to third-party payors and self-pay for clarification. Changed references to customers/clients/patients to “guests”. Added references to self-pay throughout for clarification to what this policy covers. Changed billing unit to Public Health Finance Division in 1 d. Changed references to billing system to electronic health record. Removed referenced to Durham County Tax Department since Public Health will be solely responsible for Debt Set-Off going forward.
F	08/15/2019	Updated 1.1 Bad Debt Write-Off procedures based on a 10-year County Finance guideline provided by County Assistant Chief Financial Officer and Compliance Manager
G	07/09/2021	Added item g under section 1.3, a. to include accounts for guests for whom the debt setoff process may compromise confidentiality
H	09/24/2021	Section 1.2 removed c. and d.; added c.
I	08/28/2023	Reviewed: minor edits; added last reference.
J	08/28/2024	Reviewed. Minor edits only.
Annual Review		4/24/14; 9/12/17; 8/2/20; 7/26/22

See Signature Page for Approvals

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