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Owner	Kelly Claassen: HIM/PAS Director
Area	Patient Account Services

Collection & Payment Policy

I. PURPOSE

To establish a policy governing the collection of medical debt from individual patients, in accordance with an agreement with the Minnesota Attorney General's Office, and Minnesota statutory requirements.

II. POLICY

When collecting medical debt, Stevens Community Medical Center (SCMC) will treat its patients with honor, dignity, and courtesy; demonstrate compassion; and be good stewards of health care resources. This policy establishes standards for the fulfillment of SCMC's values in the collection of medical debt. There is zero tolerance for abusive, harassing, oppressive, false, deceptive, or misleading language or collections conduct by SCMC employees who collect medical debt. This policy supersedes all existing policies regarding the collection of medical debt by SCMC.

III. PROCEDURE

- **1. Definitions**
  - a. "Guarantor" is defined as the patient, parent, or guardian responsible for payment on balances owed to SCMC.
  - b. "Medically Necessary Health Treatment or Services" include preventive services designed to prevent illness or detect it at an early stage when treatment is likely to work best, as well as services and supplies that meet accepted standards of medical practice to diagnose or treat a medical condition.
  - c. "Retail Care" is defined as an elective medical service or item that is considered either experimental or cosmetic or is otherwise not usually covered by a commercial or federal health care program.
  - d. "Uninsured Patient" is a patient who either has no health care insurance, or has

health care insurance but the particular item or service is not covered by their health insurance program.

- **2. Communicating Policies to Patients**
    - a. During the pre-registration, registration, or admission process, SCMC will identify all third-party payers that may be obligated to pay for services provided to a patient.
    - b. All SCMC employees who have direct contact with patients will be educated on an annual basis of SCMC's Financial Assistance Policy. The education will include the existence of the various financial assistance programs available to SCMC patients, and how a patient may obtain more information and submit an application for financial assistance.
    - c. SCMC will ensure that staff who contact Guarantors regarding an outstanding medical debt, whether orally or in writing, are familiar with and adhere to the following requirements:
        - i. SCMC will not threaten wage garnishment or legal suit by a particular lawyer, unless SCMC has actually retained a lawyer to do so;
        - ii. SCMC will not furnish legal advice to debtors or represent that SCMC is competent or able to furnish legal advice to debtors;
        - iii. SCMC will not communicate with debtors in a misleading or deceptive manner by falsely using the stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare, or instruments which simulate the form and appearance of judicial process.
        - iv. SCMC will not imply or suggest that medically necessary health treatment or services will be denied as a result of failure to make payment on a medical debt provided.
        - v. SCMC will provide the debtor with SCMC's full name, as registered with the secretary of state.
    - d. SCMC will communicate its Financial Assistance Policy to its patients by posting signs in common areas and posting a copy of its Financial Assistance Policy on its website.
    - e. All correspondence seeking collection of medical debt from Guarantors will contain at least the following information:
        - i. a local or toll-free number Guarantors may call to question or dispute bills;
        - ii. an address to which Guarantors may write to question or dispute bills;
        - iii. reference to the availability of financial assistance will be made on all collection letters;
        - iv. the following information, in the same size and font as other words in the body of the communication, regarding the Minnesota Attorney General's Office:
            - "If you feel that your concerns have not been addressed, please contact our office and allow us the opportunity to try to address your concerns. If you continue to have concerns that have not

been addressed, you may contact the Minnesota Attorney General's Office by telephone at 651-296-3353 or 1-800-657-3787, by email at hospital.billing@ag.state.mn.us, or online at www.ag.state.mn.us/contact."

- **3. Scheduling Services for Patients with Outstanding Medical Debt**
    - SCMC will not deny Medically Necessary Health Treatment or Services to a Guarantor or any member of their family or household because of current or previous outstanding medical debt owed by the Guarantor or any member of their family or household to SCMC. However, as a condition of providing Medically Necessary Health Treatment or Services, SCMC may require the Guarantor to enter into a Reasonable Payment Plan.

- **4. Collecting Prior to or on the Date of Service**
    - a. Prior to a scheduled procedure, SCMC may require Uninsured Patients to provide a deposit equal to 50% of the estimated charges for the procedure and enter into a Reasonable Payment Plan for the expected balance. This requirement does not apply to Uninsured Patients receiving emergency services.
    - b. Patients receiving Retail Care (for example, eye glasses and contact lenses) may be required to pay 50% when ordering and the remainder when receiving the items ordered.
    - c. SCMC staff may attempt to collect applicable co-pays from the Guarantor on the date of service, except with respect to services provided in the Emergency Department.
- **5. Suspense for Responding to Guarantor Questions or Disputes**
    - SCMC will exercise its best efforts to respond to all questions or disputes from Guarantors regarding a medical bill as soon as possible. Inquiries received by phone should be responded to within one business day. Inquiries received in writing should be responded to within ten business days. Collection activities will be suspended if a Guarantor advises collection staff that: a) the Guarantor does not owe all or part of a bill; or b) a third-party payer should pay the bill; or c) the Guarantor needs documentation concerning the bill. Collection activities may resume after documentation has been sent to the Guarantor's last known address responding to the Guarantor's inquiry.
- **6. Communications with Guarantors**
    - a. <u>Before referral to a collection agency</u>
        - i. During any initial contact with a Guarantor regarding the collection of medical debt, if there is a question as to whether the person billed was the person who received the services, SCMC staff will verify any demographic information necessary to confirm that the person billed actually owes the debt. SCMC staff collecting the debt will also verify the accuracy of any information regarding third-party payers that may be obligated to pay for medical items or services received by the patient.
        - ii. During any initial or subsequent contact with a Guarantor regarding the

collection of medical debt, if the Guarantor has indicated an inability to pay the full amount of the debt in one payment, SCMC staff will discuss with the Guarantor of all of the following options:

- (1) the Guarantor may finance the debt through Able Pay;
- (2) the Guarantor may enter into a payment plan in accordance with the following guidelines ("Reasonable Payment Plan"):
    - o Accounts with outstanding balances up to $999. 99 will be expected to pay the greater of A) the balance divided by 12 months or B) $50,
    - o Accounts with outstanding balances of $1000 - $4999 will be expected to pay the greater of A) the balance divided by 36 months or B) $50,
    - o Accounts with outstanding balances of $5000+ will be expected to pay the greater of A) the balance divided by 60 months or B) $100; or
- (3) the Guarantor may apply for financial assistance through SCMC's Financial Assistance Policy

- iii. If the Guarantor desires to apply for financial assistance, SCMC staff will mail an application to the Guarantor at the Guarantor's last known address and suspend collection activity for 30 days. Collection activity may resume if, after 30 days, an application for free care has not been received. If the Guarantor has submitted an application for financial assistance, collection activity may resume after the application for financial assistance has been denied.

- b. <u>After referral to collection agency</u>
    - i. If a Guarantor contacts SCMC staff regarding the collection of a medical debt after it has been referred to a collection agency, SCMC staff will confirm certain demographic information to ensure that there is a reasonable basis to believe that the Guarantor owes the debt, and will verify that all known third-party payers have been properly billed. If the Guarantor provides staff with new information regarding the Guarantor's liability for the debt, SCMC staff will contact the collection agency with the new information and suspend collection activity until the new information has been investigated. SCMC staff will not attempt to negotiate a payment plan with a Guarantor once the debt has been referred to a collection agency firm for collection.
    - ii. If a Guarantor contacts SCMC staff regarding the conduct of a collection agency under contract with SCMC, information regarding the Guarantor's concerns will be forwarded to the Director of Patient Account Services.
- c. <u>Reference to Minnesota Attorney General</u> At no time during the collection process will SCMC collection staff state or imply, either directly or indirectly, that the State of Minnesota Attorney General's Office has approved of, condones, or agrees with any

lawsuit, garnishment, or other attempt by SCMC to collect debt from a patient/ guarantor.

- d. Attorney Representation of Patient/ Guarantor If SCMC staff has knowledge of the identity of an attorney representing a Guarantor in connection with a debt that has been referred to a collection agency, SCMC will notify the collection agency of the identity of such attorney.
- e. Itemized Bill Upon request, SCMC will provide the Guarantor a detailed, itemized bill.
- f. Uninsured/ Underinsured Discount If a Guarantor notifies SCMC that they should have received the uninsured/ underinsured discount on a particular item or service, and SCMC agrees that the Guarantor is qualified for the discount in accordance with the Self Pay Discount policy, the Guarantor's bill will be adjusted promptly.

- **7. Uninsured/ Underinsured Discount**
  - A Guarantor whose annual household income is less than $125,000, and who is uninsured, or underinsured for a particular medically necessary service or treatment, will receive a self-pay/ uninsured discount. The discount will be equal to the lowest amount SCMC would be reimbursed for that service or treatment from a nongovernmental third-party payor (including any co-payments, deductibles, and coinsurance). The discount amount will be adjusted any time a new payor contract is negotiated that offers a greater discount than the current uninsured discount amount.
- **8. Patient Complaints**
  - For the purpose of this policy, a "complaint" is defined as "any communication from a Guarantor or Guarantor's representative in which they express concerns about the conduct during debt collection of an SCMC employee, a collection agency retained by SCMC, or a law firm retained to collect medical debt for SCMC." A log of Guarantor complaints will be maintained at any SCMC location regularly involved in communicating with Guarantors regarding the collection of medical debt. A summary of the complaints will be prepared on an annual basis in conjunction with the annual review of collection activities performed by the CEO and SCMC's Board of Directors.
- **9. Referral to a Collection Agency**
  - a. An account will not be sent to a collection agency if the Guarantor has made payment on the debt within the past 180 days. After 180 days with no payment, a letter will be sent to the Guarantor giving them 10 days to submit a payment to avoid being sent to a collection agency.
  - b. Before any debt is sent to a licensed collection agency, the Director of Patient Account Services will verify that:
    - i. There is a reasonable basis to believe that the Guarantor owes the debt;
    - ii. All known third-party payers have been properly billed such that any remaining debt is the financial responsibility of the Guarantor; and
    - iii. Where the Guarantor has indicated an inability to pay the full amount of the debt in one payment, the Guarantor has been advised of his or her options pursuant to Section 6(a)(ii) of this policy and, if applicable, given a

reasonable period of time to submit an application for SCMC's Financial Assistance program.

- **10. Contracts with Collection Agencies and Law Firms**
    - a. SCMC will enter into a written contract directly with any collection agency. A collection agency retained by SCMC to collect medical debt is prohibited from sub-contracting with another collection agency without prior consent from SCMC.
    - b. Any law firms retained by SCMC to collect medical debt from Guarantors will be retained by the SCMC and may not be retained by a contracted collection agency.
    - c. Any collection agency or law firm retained by SCMC to collect medical debt from Guarantors will be required to abide by the terms of the agreement signed by SCMC with the Minnesota Attorney General's Office, this policy, and any other applicable state or federal laws.
    - d. The Director of Patient Account Services is responsible for ensuring that any collection agencies and law firms retained by SCMC to collect medical debt receive training on financial assistance policies available to SCMC Guarantors.
    - e. On an annual basis the SCMC Chief Executive Officer shall review and determine whether or not to issue to or renew any contract with a collection agency or law firm. In determining whether to issue or renew any such contract, the CEO shall consider whether the collection agency or law firm has acted in a manner consistent with the agreement with the Minnesota Attorney General, as well as SCMC's mission and policies and other applicable laws.
- **11. Board Oversight**
    - a. SCMC's Board of Directors shall annually review and approve this policy, the Financial Assistance Policy, the Self-Pay Discount policy, and any additional policies applicable to the retention of collection agencies or law firms retained to collect medical debt.
    - b. SCMC's Board of Directors shall annually review the following billing and collection practices:
        - i. Debt collection litigation taken against Guarantors;
        - ii. Debt collection activity of SCMC's third party debt collection agencies;
        - iii. Debt collection activity taken by SCMC's Patient Account Services;
        - iv. SCMC's compliance with the Agreement with the Minnesota Attorney General;
        - v. The CEO's annual reviews of contracts with collection agencies and law firms (if applicable);
        - vi. SCMC's annual review of the practices of SCMC's Patient Account Services;
        - vii. SCMC's application of its Financial Assistance Policy.
- **12. Prohibited Acts**
    - a. If SCMC utilizes an automatic dialing system or an artificial prerecorded voice to

contact Guarantors regarding outstanding debt, SCMC will refrain from using such a system if the Guarantor expressly informs SCMC to cease communicating in such a manner.

- b. SCMC is prohibited from reporting to a credit reporting agency any medical debt owed to SCMC.
- c. SCMC is prohibited from using or employing sheriffs or any other officer authorized to serve legal papers in connection with collecting a claim, except when performing the sheriff's or other officer's legally authorized duties.
- d. SCMC is prohibited from using or threatening to use methods of collection that violate Minnesota law.
- e. SCMC is prohibited from publishing or causing to be published any list of debtors, using shame cards or shame automobiles, advertising or threatening to advertise for sale any claim as a means of forcing payment of the claim, or using similar devices or methods of intimidation.
- f. SCMC is prohibited from operating under a name or in a manner which falsely implies that SCMC is a branch of or associated with any department of federal, state, county, or local government or an agency thereof.
- g. SCMC is prohibited from transacting business or holding itself out as a debt settlement company, debt management company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates, or pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to court order or under the supervision of a creditor's committee.
- h. When a debtor has a listed telephone number, SCMC is prohibited from enlisting the aid of a neighbor or third party to request that the debtor contact SCMC, except a person who resides with the debtor or a third party with whom the debtor has authorized with SCMC to place the request. This clause does not apply to a call-back message left at the debtor’s place of employment which is limited solely to SCMC’s telephone number and name.
- i. SCMC is prohibited from failing to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of 2023 Minn. Stat. chapter 345.
- j. SCMC is prohibited from accepting currency or coin as payment for a medical debt without issuing an original receipt to the debtor and maintaining a duplicate receipt in the debtor's payment records.
- k. Except for court costs for filing a civil action with the court and service of process, SCMC is prohibited from attempting to collect any interest, fee, charge, or expense incidental to the charge-off obligation from a debtor unless the amount is expressly authorized by the agreement creating the medical debt or is otherwise permitted by law.
- l. SCMC is prohibited from falsifying any documents with the intent to deceive.
- m. SCMC is prohibited from commencing legal action to collect a medical debt outside the limitations period set forth in Minn. Stat. § 541.053.
- n. SCMC is prohibited from challenging a debtor’s claim of exemption to garnishment or levy in a manner that is baseless, frivolous, or otherwise in bad faith.

- **13. References**
  Agreement with the Minnesota Attorney General, August 31, 2022
  Minn. Stat. §144.589
  Minn. Stat. § 332C.02
  Minn. Stat. § 332C.03
  Minn. Stat. § 62J.806
  Minn. Stat. § 62J.807
  Minn. Stat. § 62J.808

Approval Signatures

Step Description	Approver	Date
Board	Kerrie McEvilly: President/CEO	3/17/2026
CFO	Sarah Tahtinen: CFO	3/17/2026
	Kelly Claassen: HIM/PAS Director	3/17/2026