

**DRAFT**

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MEDICAL DEBT RESOLUTION TASKFORCE OR ANY OF ITS INDIVIDUAL MEMBERS

# Medical Debt Resolution Overview

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A Companion to the Medical Debt Collection  
Process Flow Chart

July 2013

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## ***HFMA Medical Debt Taskforce Overview***

The appropriate resolution of the patient portion of bills related to medical services continues to present challenges to both patients and healthcare providers. Realizing that industry wide standardized post-service account resolution practices would help resolve many of these challenges, HFMA (the Healthcare Financial Management Association) has partnered with ACA, International (The Association of Credit and Collection Professionals), and gathered a task force of stakeholders to establish guidelines for the fair resolution of the patient portion of medical bills. The stakeholders represented (see attached list of organizations) include a diverse group of providers, consumer advocates, collections agencies (referred to hereafter as business affiliates), and credit bureaus.

This document and the accompanying workflow are based on the deliberations of the task force. Both the document and workflow reflect the task force’s consensus on the current state of best practices related to the equitable resolution of the patient portion of medical bills. The primary audiences for this work include healthcare providers, business affiliates, and credit bureaus. For this audience, the work is intended to identify a standardized process for resolving the patient portion of medical bills that should be adhered to and provide a framework for educating patients about the patient balance resolution process. The secondary audiences for this work include patients and the policy community. This work is intended to help educate these key stakeholders about the process for resolving the patient portion of medical bills.

The resulting workflow begins with the belief that most patients want to resolve their bills related to medical services in a responsible manner. It is also built on the tenets and findings of HFMA’s Patient Friendly Billing Project (<http://www.hfma.org/Content.aspx?id=1033>) and is designed to be used in conjunction with applicable state and federal laws.

*Healthcare financial communications should be clear, concise, correct, and patient-friendly.*

***Clear:*** *All financial communications should be easy to understand and written in clear language. Patients should be able to quickly determine what they need to do with the communication.*

***Concise:*** *Bills should contain just the right amount of detail necessary to communicate the message.*

***Correct:*** *Bill items should correctly reflect the financial aspects of the episode of care.*

***Patient Friendly:*** *The needs of the patient and family members should be paramount when designing administrative processes and communications.*

The scope of this taskforce was solely focused on processes related to post service events. However we strongly believe the groundwork for successful account resolution (from both the patient and provider perspective) occurs prior to service and patient discharge.

### **Discussion of the Post-Service Account Resolution Workflow**

Providing a clear understanding of what to expect at every stage in the process helps patients become engaged in their health care and become an active participant in resolving outstanding accounts. Therefore it is important for health care providers to assume responsibility for educating consumers early (prior to service and/or at the time of service where possible) in the account resolution process. Efforts to educate and engage the patient should continue throughout the process. Education should be designed to engage the patient by explaining the account resolution process, proactively describing available options for resolving an account, and detailing the steps necessary to help patients avail themselves of the best existing option. A discussion of options should include qualifying for third party payers, payment options, and the provider's financial assistance policy (either full or partial depending on the provider's policy and the patient's eligibility).

Gathering the information required for the programs referenced above is a shared responsibility. The provider has the responsibility to streamline information requirements and gathering processes, while the patient has the responsibility to provide requested information in a timely manner.

Once efforts to identify and bill third party payers or other governmental programs have been pursued to their fullest and charity care policies applied, there may be a balance for which the patient is truly responsible. While, a remaining patient balance assumes the prior steps have been taken, it does not preclude repeat screenings for financial assistance eligibility or other attempts to qualify the patient for third party coverage, offering payment arrangements, or other solutions on an ongoing basis.

The initial billing for a remaining patient balance is the starting date for the process to resolve the account. All time bound activity should be driven by this date. For example, if the provider elects to allow reporting to a credit agency, it should occur no sooner than 120 days from the date of the provider's first bill to the patient<sup>1</sup>.

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<sup>1</sup> This is subject to change based on the final IRS 501r rule.

All activities in pursuit of account resolution should be governed by the provider organization’s financial assistance, account resolution, and collections policies. These policies should be approved by the provider’s board of directors, and followed by all parties, including business affiliates who represent the provider. Included should be a clear policy regarding the provision of financial assistance.

In the case of small balances (the definition of small balance is subject to the provider’s discretion and internal policies) a provider may choose to pursue account resolution in a number of ways. Resolution may occur as a result of early transfer to a business affiliate, internal resolution, or small balance write-off. This workflow does not favor one method of small balance resolution over another, but seeks to illustrate the options that may be pursued in accordance with provider policy and governing laws. This step could take place prior to extensive account resolution efforts or after receipt of payment from a third party payer.

The practice of assigning accounts to business affiliates for resolution does not imply a delinquent obligation. The term “early out,” sometimes referred to as pre-collection, simply means that the provider has chosen to outsource some or all of its open accounts to a business affiliate to service the accounts as an extension of the provider’s patient accounting department.

When a provider chooses to use external business affiliates to pursue account resolution (either as part of an “early out” strategy or if the account becomes delinquent), monthly reconciliation must occur. This will ensure multiple entities are not pursuing account resolution simultaneously and protect patients from duplicative contacts. Additionally, if an account is outsourced to a business affiliate for resolution, the business affiliate must also have access to all necessary information to assist the patient in resolving the account.

All consumer complaints should be tracked and shared between the business affiliate and the provider in order to improve customer service, hasten account resolution, and avoid recurrence of grievances. As referenced earlier, the servicing parties must abide by provider’s board approved financial assistance, account resolution, and collection policies. Regularly occurring audits should be performed to assure compliance with policies for both early out providers and accounts that are in collections. Business affiliate’s internal policies should comply with established ethical standards as outlined in ACA International’s [ACA Code of Ethics and Code of Operations](#).

Providers must undertake reasonable efforts to resolve accounts. These may include solutions mentioned previously, or by further means such as phone calls, letters, screening (including but not limited to bankruptcy, eligibility for financial assistance or third party payers), data scoring,

third party loans, or installment plans. These options are not exhaustive, but are examples of common practices that can be used to work with patients to resolve an account.

When accounts cannot be resolved (or a pathway for resolution established) an account may be considered delinquent by the provider. While an account's age (based on the date of first billing of patient responsibility from a provider or early out business affiliate) is a reasonable factor used to determine whether or not an account is delinquent, it is not the only factor that could be considered. Ultimately, this determination should be grounded in the organization's board approved account resolution policy and sound business judgment.

At the provider's discretion, the account may be outsourced to a business affiliate for advanced efforts to obtain resolution. A board approved policy must specify and govern the steps permissible. Compliance with policy is mandated and should be assured by regular audits and account reconciliation between the provider and business affiliate. Disputed balances must be reviewed in a timely manner as specified by ACA International to rectify errors and update accounts.

While we firmly believe early screening of accounts for third party payers, bankruptcy, financial assistance, and other means of resolution is preferred for both the patient and provider, we understand that no system is perfect. Therefore, business affiliates may want to rescreen accounts to ensure fair, patient friendly account resolution. Further, it is important to make every effort to provide adequate information to consumers regarding their obligation and the possible consequences of failure to resolve an account. Formal board approved policy from providers should specify what actions may be taken and the circumstances under which each may be employed.

Extraordinary collection activities should be pursued only after reasonable efforts to resolve a patient's account using the methods discussed above have occurred. Consumer education regarding these measures is important and should be communicated in written policy and made available to patients. This task force group does not endorse any specific strategies, but reiterates compliance with provider policies and governing state and federal regulations. While the definition of extraordinary collection activities will vary based on the provider's policy they are defined by the IRS in the proposed 501r rule to include reporting to credit bureaus, (which may take place no sooner than 120 days from the date of the first billing statement sent to the patient for their responsibility based on taskforce recommendation<sup>2</sup>), and legal actions such as lawsuits, wage garnishment, or property liens. Providers may choose not to report past due accounts to credit bureaus. Providers that report delinquent accounts to credit bureaus should

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<sup>2</sup> This is subject to change based on the final IRS 501r rule.

also report the satisfaction of that account. This task force suggests that within 45 days of account resolution a negative listing for medical debt be removed from a consumer’s credit report. In this way the consumer is not penalized.

Following the exhaustion of all reasonable efforts to resolve the debt, providers should have written, board approved policies regarding the disposition of remaining unresolved accounts. Some options to consider might include placing the debt with a secondary business affiliate for further efforts, selling the debt to a certified debt buyer<sup>3</sup> that adheres to the ACA International’s code of ethics,<sup>4</sup> or discontinuing efforts and writing the account off to bad debt. Providers may use any or all of these options as permitted by board approved policy.

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<sup>3</sup> <http://www.dbainternational.org/certification/certification.asp>

<sup>4</sup> <http://www.acainternational.org/healthcaremarket-health-care-collection-servicing-and-debt-purchasing-practices-statement-of-principles-and-guidelines-10281.aspx>

**Discussion of Areas for Further Refinement**

This task force realizes this framework does not resolve all issues related to post-service medical account resolution. Therefore we will continue to work with stakeholders to improve the framework for the benefit of patients and providers. The section below identifies areas where we believe additional work is required.

Time Estimates for Each Workflow Step: Still in question is how to assign an average time to the various steps in the process. We realize that providers' internal revenue cycle operations will vary to a degree within this framework based on organizational operational requirements and board approved policy dictates. Therefore, any timeframes developed would have to balance the flexibility to allow providers to manage their organizations in a manner they see appropriate versus the need for standardized timeframe to help educate patients and provide benchmarks for the industry.



Appendix I: Taskforce Members

John Majchrzak, FHFMA, CPA, MBA  
Chief Financial Officer  
Touchette Regional Hospital  
Centerville, IL

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Senior Vice President Corp Operations, Business Performance  
Parallon Business Solutions  
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Vice President Revenue Cycle  
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Kansas City, MO

Mary Lee DeCoster  
Vice President Revenue Cycle  
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Phoenix, AZ

Pam Kirchner  
Chief Executive Officer  
BCA Financial Services, Inc.  
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Tom Gavinski  
Vice President  
I.C. System, Inc.  
St. Paul, MN

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President  
Medical Business Bureau, LLC  
Park Ridge, IL

Lucia Lebens  
Director, Federal Government Affairs  
ACA International – The Association for Credit and Collection Professionals  
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Brian Argo  
Vice President and Chief Revenue Officer  
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Omaha, NE

Julie Trocchio, BSN, MS  
Senior Director, Community Benefit & Continuing Care  
The Catholic Health Association of the United States  
Washington, D.C.

David Franklin  
Chief Development Officer  
Connance, Inc.  
Waltham, MA

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Executive Vice President/Chief Strategy Officer  
State Collection Service, Inc.  
Madison, WI

Daniel E. Johnson  
President  
Experian Healthcare  
Osseo, MN

Mark Rukavina  
Principal  
Community Health Advisors, LLC  
Chestnut Hill, MA

Robert Mueller, CPA  
Vice President Revenue Cycle & Payer Contracting  
Aurora Health Care  
Milwaukee, WI

Appendix II: Supporting Organizations *(To be Included Once Organizations Have Reviewed)*

Appendix III: Legal Provisions

**Legal Provisions for Collections Activities and/or Debt Buyers**

Healthcare organizations should seek to use only those collection agencies that are fully committed to compliance with the wide range of laws and regulations that apply to collections activities and debt buyers. These provisions include but are not limited to the following.

| <b>Statute</b>  | <b>Citation (statute or regs)</b> | <b>Key Provisions</b>   |
|---|-----------------------------------|---|
| Federal Trade Commission Act                                | 15 U.S.C. §§ 41-58                | Prohibits unfair or deceptive practices; enforcement and oversight are by Federal Trade Commission                      |
| Health Insurance Portability and Accountability Act (HIPAA) | 45 C.F.R. Parts 160 and 164       | Collection agencies may be “covered entities” or “business associates” and thus subject to HIPAA privacy/security rules |
| Fair Debt Collection Practices Act                          | 15 U.S.C. §§ 1692-1692o           | Prohibits deceptive and abusive collection practices  |
| Fair Credit Reporting Act                                   | 15 U.S.C. §§ 1681-1681u           | Privacy protections regarding credit reports, etc.  |
| Gramm-Leach-Bliley Act                                      | 15 U.S.C. §§ 6801-6809            | Requirements to protect consumers’ financial information  |
| Telephone Consumer Protection Act                           | 47 U.S.C. § 227                   | Rules concerning telemarketing, “robocalls,” the “Do Not Call” list, etc.   |
| Various state laws  | -----                             | Consumer protections; licensing and bonding of collection agencies; unfair trade practices, etc.                        |

## Appendix IV: ACA Code of Ethics and Code of Operations

### Code of Ethics and Code of Operations of *ACA International*

*The Association of Credit and Collection Professionals as adopted July 25, 2007*

*As amended by the ACA International Executive Committee Nov. 23, 2010.*

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#### **PREAMBLE**

As Members of ACA International, The Association of Credit and Collection Professionals (ACA) we assume responsibilities to fellow Members of the Association, our industry, our customers, consumers and the public at large. In doing so we strive to:

- Maintain the highest standards of business conduct by using only legal and ethical means in all business activity.
- Actively promote and encourage the highest level of integrity within the industry.
- Cooperate in every reasonable and proper way with other Association Members and work with them in the advancement of the credit and collection industry.

Be fair and respectful to employees, associates, competitors, customers, the public and employer(s) in all business or professional relationships.

- Adhere to honesty and integrity in advertising and in all representations to the public concerning credit and collection industry products and services.
- Commit to the development and use of the highest standards and practices for processing and handling consumer, customer and competitor disputes using ACA's Code of Ethics and Code of Operations as guidance documents.
- Observe all applicable laws, regulations and rules pertaining to the processing and handling of accounts receivable.
- Support ACA's Mission and Values and agree to uphold this Code of Ethics, Code of Operations and the governing documents of ACA International.

#### **MISSION**

ACA International contributes to the success of its members and the positive reputation of the credit and collection industry through education, advocacy and services.

## VALUES

- Leadership
- Integrity
- Respect
- Responsibility
- Service
- Education

## DEFINITIONS

This section provides the official definitions for terms used throughout these Code of Ethics and Code of Operations and the corresponding Procedural Rules of the Ethics Committee as amended from time to time.

“Association” and “the Association” means “ACA International, The Association of Credit and Collection Professionals,” a corporation existing as a 501(c)(6) under the Rules of the U.S. Internal Revenue Service and its subsidiaries.

“Member” means any company (including the company’s employees on record), partnership, business entity or individual who has successfully applied for and obtained membership in the Association pursuant to the Rules as further described herein. For purposes of this definition Member includes Affiliate Members, Agency Members, Asset Buyer Division Members, Creditor International Members and Members’ Attorney Program Members.

## CODE OF ETHICS

### **RULE I. CONDITIONS OF MEMBERSHIP IN ACA INTERNATIONAL.**

To qualify for and maintain a membership in ACA the applicant or Member shall:

- A. Abide by the ACA Code of Ethics, Code of Operations and Procedural Rules for the Ethics Committee and the Bylaws and Standard Operating Procedures of the Association (hereinafter collectively referred to as “Rules”).
- B. Supply information on the nature of the applicant or Member’s business and background information about company principals and management personnel.
- C. Not have been convicted of a crime or have been found liable in a civil action for actions or inactions that relate to credit or collection industry practices or procedures, including but

not limited to: crimes relating to the misuse of funds, client trust accounts, fraud, forgery, embezzlement, tax evasion, identity theft, or other theft or larceny within the past 10 years.

- D. Cooperate with and abide by the Association’s self-regulation efforts, its formal and informal complaint resolution programs and comply with the Association’s Rules.
- E. Designate a contact person having sufficient responsibility within the organization to deal with consumer complaints and provide information about this contact person to the Association in accordance with the Procedural Rules for the Ethics Committee.
- F. Promptly respond to all complaints forwarded by the Association or from any other official complaint resolution program adopted by the Association, make a good faith effort to resolve all such complaints in accordance with generally accepted good business practices and the procedural Rules for the Ethics Committee as amended from time to time and comply with the terms of any findings issued in such proceedings.
- G. Meet its financial obligations, including, without limitation, financial obligations to the Association.
- H. Require each collector within the organization to adopt and agree to abide by the Collector’s Pledge which states:

I believe every person has worth as an individual.

I believe every person should be treated with dignity and respect.

I will make it my responsibility to help consumers find ways to pay their just debts.

I will be professional and ethical.

I will commit to honoring this pledge.

**RULE II. ETHICAL CONDUCT REQUIRED OF MEMBERS OF ACA INTERNATIONAL.**

- A. In addition to a continuing duty to adhere to the requirements of any applicable laws, regulations and rules concerning credit and collection industry practices, each Member has a duty to:
  - 1. Treat consumers with consideration and respect.
  - 2. Communicate with consumers with honesty and integrity.
  - 3. If the Member is a debt collector (as defined in Section 803(6) of the FDCPA) upon receipt of a written request for verification of a debt from a consumer, suspend collection activities on the account, and provide verification of the debt. If such Member does not or is unable to provide verification of the debt in response to a consumer’s written request for verification, the Member will:

- a.) Cease all collection efforts;
  - b.) Direct or request removal of the item from the consumer's credit report or report the item as disputed to the appropriate credit reporting agency, at the member's next available opportunity (if applicable); and
  - c.) When closing and returning an account, notify the credit grantor, client, or owner of legal title to the debt that collection activity on the account was
  - d.) If requested by the consumer in writing, notify the consumer that collection efforts have been terminated by the Member.
4. In addition to any requirements imposed by law or regulation, in instances of alleged identity theft, fraud or mistaken identity, conduct a reasonable investigation to determine the validity of the debt, the identity of the obligor on the account and the accuracy of the information in the possession of the Member.
  5. Comply with its contractual obligations to the National Automated Clearing House Association (NACHA).
  6. Not threaten or initiate collection litigation on time barred debts.
  7. Seek to obtain access to accurate and complete information about any accounts being purchased by the Member and obtain evidence of the chain of title to the debts being purchased.
  8. Adopt an internal code of conduct.
- B. In addition to a continuing duty to adhere to the requirements of any applicable laws, Regulations and rules concerning credit and collection industry practices, each Member will:
1. Not engage in conduct involving dishonesty, fraud, deceit, or misrepresentation Including but not limited to misrepresentation for the purpose of obtaining membership in the Association, a license, a certificate of registration, a certificate, a credential or business related insurance.
  2. Not harass, threaten, or coerce a person, including but not limited to, on the basis of race, sex, age, creed, religion, color, national origin, disability, sexual preference, gender or marital status in connection with a Member's professional business, Association activities or while acting in a representative capacity of the Association.
  3. Not engage in dishonorable, unethical or unprofessional conduct of a nature or character likely to deceive, defraud, or harm a consumer, customer, member of the Association or the public.
  4. Use reasonable efforts to safeguard the confidentiality, integrity and availability of



Consumer information entrusted to the Member’s possession and control.

5. Refrain from using the name or logo of the Association for commercial sales or advertising purposes in a manner not specifically authorized by the Association.
6. Refrain from knowingly representing that it is affiliated with, or endorsed by an Institution or organization when such an affiliation or endorsement does in fact not exist or that the Member has achieved a professional designation when such achievement does in fact not exist.
7. Make reasonable efforts to ensure the Member, its principals and its employees comply with the laws, regulations and rules under which the Member performs credit or collection services or debt purchasing and the Association’s Rules.
8. Take adequate precautions to distinguish between the Member’s personal views and the views of the Association, its subsidiaries and affiliates when communicating with third parties.
9. Not communicate, share or distribute any proprietary or confidential information which the Member acquires in the course of performing duties as an Association Member, officer, director, committee member or instructor which could have a detrimental impact upon the business or reputation of this Association, its affiliates, alliances or subsidiaries or any other member of the Association; nor shall any Member use any such information described herein to promote the Member’s self interest or business interest.
10. Place any member of the Association or the industry who they suspect, or know, to be violating the ACA Code of Ethics, Code of Operations or Rules on notice of the alleged violation and seek to identify a solution. Report such member of the Association or the industry to the Association’s Ethics Committee for further action if such party’s continued violation of the ACA Code of Ethics, Code of Operations or Rules appears to be willful.

**RULE III. ENFORCEMENT ACTIONS.**

Any Member may be admonished, suspended or expelled for cause due to conduct, acts or omissions contrary to the Rules. Such conduct, acts or omissions can result in review of membership status by the Association’s Membership Board of Review Committee and can result in an investigation and review by the Association’s Ethics Committee in accordance with the Procedural Rules for the Ethics Committee. All final actions of the Ethics Committee regarding the suspension or expulsion of a Member shall become a matter of public record. At the request of the Member, a notice of exoneration may become a matter of public record.

**RULE VI. AMENDMENTS.**

The foregoing may be amended or altered in whole or in part by a majority vote of the Association’s Ethics Committee. Any such amendments are then subject to final approval of the Association’s Executive Committee. Notification of approved changes shall be sent promptly to the Association Membership using the most appropriate communications medium(s).

## CODE OF OPERATIONS

### **RULE I. SCOPE AND PURPOSE.**

This Code of Operations shall govern all Members of the Association and be enforced pursuant to the terms of the Procedural Rules for the Ethics Committee. It is intended to apply to the extent it does not conflict with applicable federal and state laws, statutes, rules, regulations, licensing requirements, or other authority. Members shall apply this Code of Operations to their business practices in order to promote positive business relationships among clients, vendors, and outsourcing partners.

### **RULE II. MEMBER RESPONSIBILITIES - BUSINESS RELATIONSHIPS.**

- A. In business relationships with clients Members are encouraged to perform services subject to a written agreement.
  - 1. In the absence of a written agreement Members shall make settlement with clients at least once each calendar month. Such settlement shall not be later than thirty (30) calendar days after the close of the calendar month for which the settlement is made or as otherwise controlled by state law.
- B. When furnishing data on a consumer credit report, a Member has a duty to:
  - 1. First obtain the authorization of the creditor, forwarder or party holding title to the account to perform credit reporting services;
  - 2. Accurately report the date of delinquency as required by the Fair Credit Reporting Act;
  - 3. Take reasonable steps to avoid furnishing data to a consumer credit reporting agency about an account that is presently subject to reporting by another data furnisher; and
  - 4. Delete data furnished to a consumer credit reporting agency upon cancellation and return of an account to the creditor, forwarder or party holding title to the account.
- C. A Member may at no time engage in unlawful activities, schemes, financial arrangements or kickbacks with clients, employees of clients, agencies, entities or collection professionals, including but not limited to acts or omissions giving rise to allegations of bribery,

malfeasance or unprofessional conduct as determined by the Association’s Ethics Committee.

**RULE III. MEMBER TO MEMBER RESPONSIBILITIES.**

In relationships with fellow Members, each Member shall:

- A. Not knowingly, negligently or with disregard of the truth, misrepresent its own qualifications, record, collection rates, capacity, experience or abilities or of any other Member or employee of any Member.
- B. Not recruit or solicit prospective employees at any Association sponsored seminar, program, conference, convention, meeting or activity, or use their status or position within the Association to accomplish the same.
- C. Not knowingly or with reckless disregard of the truth, misrepresent the qualifications, record, collection rates, capacity, experience or abilities of any Member.

**RULE IV. MEMBER RESPONSIBILITIES AS FORWARDEES AND FORWARDERS.**

In the absence of a written agreement between the Forwarder and Forwardee, Member and non-member Forwarders and Forwardees who engage in a forwarding arrangement, agree:

- A. Rates of commission and fees are matters of contract between Forwarder and Forwardee and the Association does not presume to establish or suggest any fixed rate or policy that is intended to be binding upon its Members. The Forwarder shall state in the originating forwarding document the net commission rates or fees which shall be paid to the Forwardee upon collection of the items so forwarded. If the rates or fees stated are not satisfactory to the Forwardee, he or she shall return the item(s) of collection within ten (10) business days to the Forwarder along with all original documentation thereof.
- B. Any change in rates concerning any items forwarded for collection shall be agreed to and acknowledged in writing by both the Forwarder and Forwardee.
- C. Unless otherwise agreed to by both parties, in writing and signed by both parties, the method for computing compensation for internationally forwarded accounts will be based upon a contingent fee method. This means that compensation will be based solely upon a percentage of the amount collected and remitted in the Forwarder’s currency. If no funds are collected, no charges or expenses will be paid to the Forwardee. This applies to all collection efforts including legal proceedings (court costs, attorney fees, etc.) unless the parties otherwise agree in writing, in advance of any work being done and /or in advance of any legal action being started. Members who forward accounts for collection should determine whether the country or political unit wherein the Forwardee conducts business, imposes any prohibition or restrictions on the remittance of funds or assets to Forwarders, before forwarding accounts for collection to any such Forwardee.

- D. In the instance when an account is forwarded for collection of an amount which includes Charges in addition to the principal balance due, the forwarding documents shall include an itemization of each such additional charge. Moreover, unless otherwise prohibited by law, any decision to collect such charges from the consumer shall be the sole responsibility of the Forwarder and said Forwarder shall indemnify and hold Forwardee harmless for any damages including compensatory, actual and punitive which Forwardee incurs as a result of Forwarder's decision and demand to collect such additional charges. As used in the Association Code of Operations, charges subject to this provision shall include, but are not limited to, interest, penalties, court costs, sheriffs' fees, bank charges, garnishment fees, attorney fees and costs of service of process.
- E. The Forwarder shall disclose any disputes of which the Forwarder has knowledge and advise whether or not an itemized statement can be produced upon request of the Forwardee.
- F. The Forwardee shall, within ten (10) calendar days of receipt of the originating forwarding letter or document acknowledge all items forwarded for collection by accepting or rejecting them in writing. If the Forwardee rejects an account or item forwarded for collection, he or she may, but is not required to, inform the Forwarder of the reason for so doing.
- G. Forwardee shall respond promptly to requests for reports from Forwarders.
  - 1. Reports shall not be requested or expected sooner than one hundred fifty (150) Calendar days after the forwarded account has been either acknowledged, payment received thereon or following the last report, unless otherwise agreed to in writing by the parties.
  - 2. After two (2) requests for reports have been made by a Forwarder, without response from the Forwardee, the Forwarder may give fifteen (15) business days' notice of cancellation of the forwarded account by certified mail, and if no report is given within this time (15 business days), the forwarded account shall be considered canceled and returned to the Forwarder.
- H. Except as provided in paragraph I below, allow the Forwarder or the client of the Forwarder the right to withdraw any account or item forwarded for collection, six months after they have been listed for collection, within thirty (30) calendar days of receipt of such a request in writing, if there has been neither payment, promise of payment or legal action filed since the account or item was forwarded which reasonably entitles the Forwardee to retain the item or account for further collection effort.
- I. Allow the Forwarder or the client of the Forwarder the right to withdraw any account or item forwarded for collection immediately upon evidence that the Forwardee has breached the contract in effect between the Forwarder and Forwardee.
- J. The Forwarder shall promptly report to Forwardee any direct payments made either to

Forwarder, or to the creditor. The Forwarder shall remit such amounts to the Forwardee within thirty (30) calendar days after being rendered a statement by the Forwardee or otherwise settle with Forwardee in a manner acceptable to both Forwarder and Forwardee.

- K. Where a forwarded account is paid directly to the creditor or to the Forwarder after the account or item for collection has arrived at the office of the Forwardee and the Forwardee has acknowledged receipt of same and commenced work on the account, the Forwardee shall be entitled to the usual commission.
- L. Unless otherwise agreed by both parties in writing, the Forwardee shall make settlement with the Forwarder within thirty (30) calendar days of receipt of negotiable, collected funds on forwarded account. Forwardee shall be entitled to retain its court costs and attorney fees before application of principal amount. The costs of transmitting funds are to be paid by the agency forwarding the funds unless otherwise agreed to in writing by the parties.
- M. Within thirty (30) calendar days of discovering that a check used as the manner of payment by a consumer was dishonored or recalled by bankruptcy petition, the Forwardee shall provide Forwarder with actual notice of this information. If after having complied with the preceding notice provision, the proceeds of a collection item are received by a Forwarder, and the check that was the manner of payment by the consumer is dishonored by the drawee bank or recalled by bankruptcy petition, the Forwarder shall be obligated to restore to the Forwardee all the remitted funds including the shares of both the creditor and the Forwarder, irrespective of whether the Forwarder has actually remitted the proceeds to the creditor, or not.
- N. Upon receipt of an account forwarded for collection, the Forwardee shall, within thirty (30) calendar days of receipt determine whether the consumer resides in a geographic area serviced by Forwardee. If the Forwardee learns that the consumer is located in a geographic area other than that serviced by the Forwardee, the Forwardee shall return the forwarded account to the Forwarder. However, if the Forwardee has made settlement arrangements with the consumer, the Forwardee will be permitted to retain the account so long as payments are being timely received in accordance with the terms of the settlement arrangement.
- O. The Forwardee may not reforward a claim without the written consent of the original Forwarder.
- P. In cases where the item forwarded is a judgment which includes costs, the Forwardee shall be entitled to receive the regular commission due on the collection of the entire judgment, unless different arrangements have been made in advance between the parties.
- Q. A Forwardee, having relinquished an account, and after giving notice to that effect to the Forwarder, may accept payment from the consumer with the understanding that said Forwardee is not entitled to compensation on any such payment unless expressly authorized by the original Forwarder.

- R. No Forwardee shall charge and retain from one account the commissions claimed on another, where there is no authority to do so. This means that no Forwardee may offset one account against another, even if from the same Forwarder.
- S. The Forwardee shall limit all written and oral communication to the Forwarder's client to only those matters which the Forwardee agency has been expressly authorized by Forwarder to communicate.
- T. When returning, relinquishing or terminating an account or item for collection, the Forwardee shall return all of the original documents evidencing the obligations which were provided to the Forwardee by the Forwarder.
- U. Before reforwarding an account, Forwarder shall request return of the account and secure its release from the original Forwardee in writing. Failure to comply with this provision may result in liability for multiple commissions by the Forwarder to the Forwardees.
- V. No Forwardee shall compromise or settle any account forwarded for collection without first obtaining the written consent of the Forwarder. In addition to other sanctions and penalties, a Forwardee who violates this provision shall be liable to the Forwarder for the full amount of the account, less commission, unless the Forwarder ratifies the settlement or compromise.
- W. It shall be assumed that all accounts forwarded by any Member of this Association and, all related activity to any other Member of this Association, is pursuant to this Code of Operations, the related Code of Ethics, and the Procedural Rules for the Association Ethics Committee.
- X. Any healthcare account forwarded for collection must be serviced according to a business Associate agreement between the Forwarder and Forwardee.

**RULE V. AMENDMENTS.**

The foregoing may be amended or altered in whole or in part by a majority vote of the Association's Ethics Committee. Any such amendments are then subject to final approval by the Association's Executive Committee. Notification of approved changes shall be sent promptly to the Association Membership using the most appropriate communications medium(s).

**RULE VI. EFFECTIVE DATE.**

This Code of Ethics and Code of Operations shall be effective as of this 25th day of July 2007.

## Appendix V: Glossary of Terms

**Account resolution process** refers to the steps a provider may take to help patients resolve the patient portion of the bill.

**Data scoring** is the use of existing information, or data, to predict the likelihood that a debt will be paid. The data is filtered through a model and given a score which indicates the propensity of a consumer to pay a debt.

**Patient Portion** is the balance due from the patient after all other forms of payment have been applied to the account, including insurance payments, contractual allowances, discounts, or charity provision.. This balance is the patient’s responsibility and includes co-payment, co-insurance, or deductible, as well as a balance for non-covered services or uninsured patients.

**Payment options** include payment plans, loans and other avenues for financing.

**Post service** refers to all activities engaged in the resolution of a patient account that occur after the patient is discharged from the health care facility.

**Reconciliation** is the comparing of account details such as servicing organization, balance, payments, and complaint resolution between providers and business affiliates.

**Third party payers** Party to an insurance or prepayment agreement, usually an insurance company, prepayment plan, or government agency, responsible for paying to the provider designated expenses incurred on behalf of the insured. Examples include commercial insurance, workman’s compensation plans, Medicaid or other state or local programs.