

<b>ADAMHS BOARD FOR MONTGOMERY COUNTY</b>		<b>BP # 205</b>	
<b>TITLE      Bad Debt</b>		<b>SUBJECT   Fiscal</b>	
		<b>EFFECTIVE DATE: 4/14/03</b>	<b>SUPERSEDES DATE: 7/22/98</b>

**PURPOSE:** The Health Insurance Portability and Accountability Act of 1996 (HIPAA) granted individuals the right to receive adequate notice of the uses and disclosures of individual's rights and the entity's legal duties with respect to PHI. This policy has been developed to assist the Board to comply with the law and to guide Board staff in establishing guidelines and procedures for determination of client/member financial obligations for services received, based on our Group Member Fee Subsidy Schedule; and to establish that portion of the clients'/members' unpaid charges that the client/member is responsible for payment after application of Board subsidy.

**POLICY**

In order to insure continuity of care, the Alcohol Drug Addiction and Mental Health Services Board for Montgomery County will be responsible for reimbursement of contract agencies for client/member charges, after the application of the member fee subsidy schedule, that are unpaid 90 days after delivery of services.

**PROCEDURES**

1. Enrollment and Eligibility Specialist(s) will establish client/members financial liability based on our County-Wide Member Fee Subsidy Schedule, for services provided by contract agencies. When an individual presents for services at our contract agency, the contract agency is required to complete a financial assessment for that individual and forward that data to the Enrollment and Eligibility Specialist(s) on a daily basis. The Enrollment and Eligibility Specialist(s) will select the appropriate rider for client/members based on the financial assessment data.
2. When client/members receive service from a contract agency in our panel, the contract agency is required to bill the client/member monthly for the full cost for services received.
3. Where applicable, ADAMHS Board Staff will apply fee subsidy against client/member charge for services provided. ADAMHS Board shall use state, local, federal funds to pay these subsidies.

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After ADAMHS Board staff approves client/members' subsidy, a Remittance Advice will be forwarded to the contract agency indicating the amount of client/member subsidy paid. The following month, the contract agency is required to send a billing statement to the client/member indicating client/members prior unpaid balance, current monthly gross charges, subsidy paid by ADAMHS Board and current balance. Contract agencies are not required to send statements to Medicaid and Title XX client/members.

4. Contract agencies will maintain individual accounts receivable record for each Client/member they serve indicating the following:
  - a. Client/member name, address, Unique Client Identifier (UCI), and other relevant identifying information
  - b. Date of service and service charge
  - c. Client/member payments, date of payment and check number (if applicable)
  - d. ADAMHS Board subsidy paid
  - e. Unpaid balance
5. Contract agency will age Client/member individual accounts receivable record and invoice the ADAMHS Board for those unpaid charges that are 90 days or more outstanding. Invoices should include summary information only and not protected health information (PHI).
6. ADAMHS Board staff shall use levy funds to reimburse contract agencies for these billed charges. When contract agencies receive payment from the Board, they must reduce client/members' accounts receivable balance accordingly.
7. Contract agencies shall continue to use their best effort to collect unpaid amounts from the applicable client/members.
8. Should contract agencies receive subsequent payment from client/members for amount reimbursed by the Board, the contract agencies are required to deduct the client/members' reimbursement from future billings to the ADAMHS Board.
9. The Board and its contract certified public accountant will be required to audit the Accounts Receivable area to ensure that the proper amounts are billed to the

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Board, that these amounts are not included in the contract agency Medicaid rates and Client/member write-offs are timely.

10. Those contract agencies that do not currently have policies and procedures in place for their billing process, bad debt, Client/member accounts receivable records, and obtaining reimbursement from the Board, must develop them to be a network provider.

**DEFINITIONS**

- 1.1 Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA is comprehensive law enacted by the United States government. The law has several subparts providing such benefits as guaranteed portability and renewal of insurance benefits between employers, tax provisions for medical savings accounts and administrative simplification to improve the efficiency and effectiveness of the health care system. During the latter part of the 1990's, the Secretary of the Department of Health and Human Services drafted regulations for standardizing the electronic interchange of administrative and financial data and protecting the security and privacy of personal health information. HIPAA requires health care providers, health plans and health care clearinghouses to transition to the use of standard code sets and "electronic data interchange (EDI) and to maintain reasonable and appropriate administrative, technical, and physical safeguards to insure the integrity and confidentiality of healthcare information; to protect against reasonably foreseeable threats and hazards to the security or integrity of the information; and, to protect against unauthorized uses or disclosure of the information. Compliance with the first of the HIPAA rules is scheduled for early 2003. HIPAA also provides criminal penalties for failure to comply with the regulations.
- 1.2 Client/Member is defined as any resident of Montgomery County whose behavioral health services are paid for in part or fully by the Alcohol, Drug Addiction and Mental Health Services Board for Montgomery County.
- 1.3 Protected Health Information (PHI). The final rule defines PHI as individually identifiable health information that is transmitted by electronic media; maintained in any electronic medium such as magnetic tape, disc, optical file; or transmitted or maintained in any other form or medium (i.e. paper, voice, Internet, fax etc.).

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**DISCLAIMER**

Contract agency has the discretion to determine the clinical needs of the client/member in determining whether services will be discontinued based on bad debt.