
DEBT COLLECTION PROCESS

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Debt Management Overview

- GAO audit
- National policy
- Portland policy
- What is debt
- What it means to you
- Business office functions
- Finance office functions
- Fileman reports



National Debt Management Policy

■ Debt Management Policy

- Part 9, Chapter 4, "Debt Management," IHM
- Distributed from HQ on December 13, 2007
- It is the I.H.S. policy to aggressively collect all debts arising out of I.H.S. activities and that collection activities shall be undertaken promptly with follow-up action taken as necessary.

<http://www.ihs.gov/PublicInfo/Publications/IHSManual/Part9/Part9Chapt4/pageone.htm>

Portland Policy



- National policy with Portland specific requirements
- Rough draft until approved by executive committee

Debt Defined

- Debt - An amount of non-tax money, funds or property that I.H.S. has determined is owed to I.H.S. from any person, organization, or entity, except another Federal Agency (i.e. Medicare/BMP).

Current debt consists of but not limited to:

- Outstanding Travel Advances*
- Outstanding Emergency Salary Advances*
- Quarters*
- Board of Survey*
- Non-Ben Patient Accounts*
- Private Insurance Company Debt to I.H.S.*

Implementation

What does it mean to you?

- Service Unit specific Debt Mgt Plan
- Appoint a Claims Collection Officer (CCO)
- Send 3 due process letters before 180 days
- Maintain debt file at service unit
- Forward debt to area after due process
- Follow up posting

SERVICE UNIT

BUSINESS OFFICE

FUNCTIONS



Due Process Service Unit

- Due Process- written notice to make legally enforceable
 - Due process can begin after 60 day grace period
 - Grace period ends 60 days after approval date
- 1st letter sent- 60 days
- 2nd letter sent-90 days
- 3rd and final notice sent- 120 days
- 150 days Letter to ACCO
 - Copies of letters and supporting documentation

Note: Once due process is initiated, only full payment can stop letters-Discuss phone call protocol

RPMS Fileman Modifications

- Aged day letter
- Program RPMS to print letters automatically
- +60 days
- +90 days
- +120 days
- ACCO Letter forwarded to area @ +150

Fileman continued

- Discussion of locally developed software
- What to look for
- Letterhead
- Procedures

Forward Debt Procedure

- Once facility forwards debt to area no other action is taken
- Exception is when \$ received via IPAC
- Debt posted similar to BMP
- Use IPAC as TDN I-12345678

What is the value of Due Process

- 27-30% cash return
- 30-40% valid denials
- 10-15% adjustments
- 10-15% no response (sent to Treasury)
- By product of due process is reduction in aged balances, which complies with all policies

AREA FINANCE FUNCTIONS



Forwarding debt to ACCO

- Account is checked for:
 - Required documents
 - Threshold (\$25 minimum balance)
 - Per A/R account/episode of care
 - What happens to <\$25?
- When ACCO Letter is generated
 - Copies of supporting documents are distributed to:
 - Area Office with required documents
 - Original filed in the Business Office

Share Debt Log

- Similar to share A/R
- Monitors history of debt collection
- Due process
- Required by the policy
- GAO Reports
- Reconciliation
- Interest, admin cost and penalties
- Maintained by Area Finance

Collection Agencies

- Collection

- Portland Area uses two Agencies to further collect outstanding debt.

- Program Support Center (PSC) – collections are made through the U.S. Treasury for Non I.H.S. employee debtors.

- Defense Finance & Accounting Services (DFAS) – collections are made through payroll garnishment for current I.H.S. employee debtors.

Operational Procedures

- Debt received by the Area Office from service unit
- Prior to forwarding debt to the Collection Agency
 - Verify Supporting Documents
 - ACCO Letter (total \$ due = claims/invoices)
 - Copies of claims/invoices
 - Copies of demand letters
 - *Send only one copy of each support document*
 - *Originals remain at facility*

Operational Procedures

- Assessing Fees
 - Interest-higher of the following
 - Treasury current value of funds rate
 - Treasury certified quarterly annual rate 11 3/8%
 - http://www.hhs.gov/of/library/policy/debt/debt_coll.html
 - accrues from the date the debt is due
 - Penalties
 - 6% per year assessed
 - accrues from the date the debt is due
 - Administrative Costs
 - PSC cost is \$30
 - Postage for SU and Area Office
 - Collection agency costs

Additional Charges Example

- Debt is \$1000
- Interest $\$1000 \times 11 \frac{3}{8} \% = \110.38
- Penalties $6\% \$1,000 = \60
- Admin cost
- Postage 42 cents x 4 letters \$1.68
- Certified mail $4.90 \times 2 = \$9.80$
- PSC fee = \$30
- Total additional charges = \$211.86
- New debt total = \$1,211.86



Operational Procedures

- Collection

- PSC & DFAS

- \$ forwarded to Area via IPAC

- Area to provide collection \$ & IPAC # (schedule #) to Service Units.
 - Services Units create batch & post collection.
 - Payments from PSC depend on tax return filing.



Operational Procedures

■ PSC Collection

- Receipt of payment after debt has been sent to PSC
 - Encourage Debtor to mail payment and include debt # and/or case number and mail to :

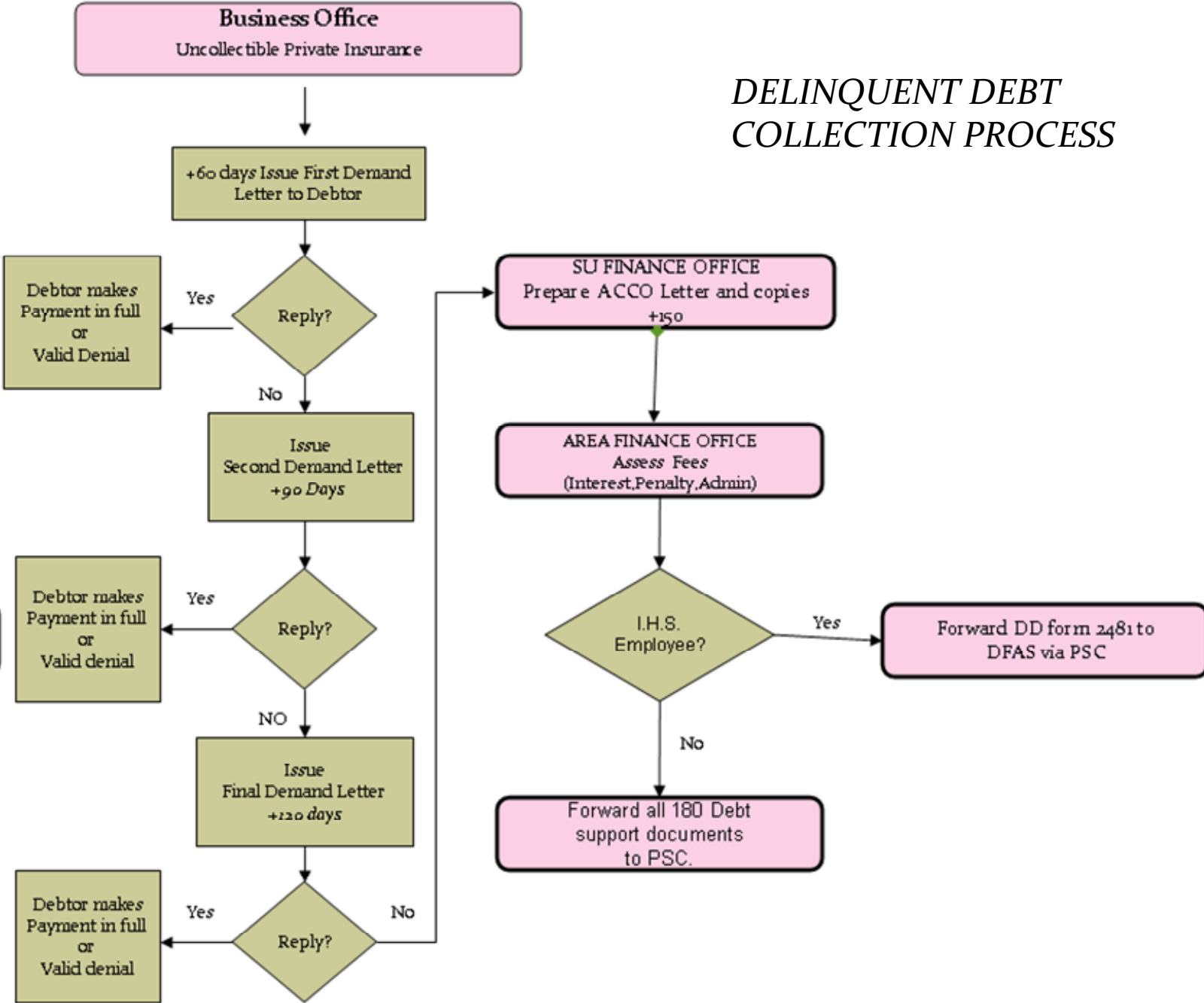
Debt Management Branch

5600 Fishers Lane, Rm 8B-45

Rockville, MD 20857

- Or refer Debtor to make payment on online at <http://www.clevelandfed.org/paygov/collections.htm>
- SU are encouraged not to receive/receipt payments, but if unavoidable.
 - SU need to notify Area
 - Area Office will need to notify PSC of payment
 - PSC will need to notify Treasury of payment.

DELINQUENT DEBT COLLECTION PROCESS



Questions

