

Agenda Item Number:

**ORANGE COUNTY BOARD OF HEALTH
AGENDA ITEM SUMMARY**

Meeting Date: August 24, 2016

Agenda Item Subject: Bad Debt Write-Off: Transfer of Uncollectible Debt from Active to Inactive

Attachment(s): Delinquent and Uncollectible Accounts Policy

Staff or Board Member Reporting: Colleen Bridger

Purpose: Action
 Information only
 Information with possible action

Summary Information:

Per the department's Delinquent and Uncollectible Accounts policy (15.0), uncollectible accounts are to be administratively written off the books. The purpose of this accounting function is to precisely account for and pursue funds which are truly unrecoverable. The last administrative write-offs were performed by the Board of Health in August 2016 (Personal Health, Dental Health, and Environmental Health) for FY 2015.

Personal Health, Dental Health, and Environmental Health continue to participate in the NC Debt Set-Off Program, which allows the county to collect debts on delinquent accounts with a balance between \$50 and \$4,000 through the customer's tax refund. The Health Department anticipates collecting payments on delinquent accounts being pursued through the NC Debt Set-Off program; therefore, those accounts are not included in this write-off request.

Based on the definitions of uncollectible accounts in the department's policy, the following table represents all uncollectible debt from clients for FY 2015-2016.

Division	Number of Uncollectable Accounts	Write-Off Amount
Personal Health	80	\$1,401.15
Dental Health	73	\$2,222.56
Environmental Health	13	\$2,049.19
Total	166	\$5,672.90

We request to administratively move a total of \$5,672.90 in uncollectible debt from 'active' to 'inactive' status for the reasons indicated in the table above.

The customer shall never be informed that a debt has been written off. If a customer whose account had been determined uncollectible returns to clinic within three years, the delinquent write-off amount will be reactivated and the billing process resumed. Likewise, if a customer requests a non-required service from Environmental Health, the delinquent write-off amount will be reactivated and the billing process resumed.

Recommended Action: Approve
 Approve & forward to Board of Commissioners for action
 Approve & forward to _____
 Accept as information
 Revise & schedule for future action
 Other (detail):

ORANGE COUNTY HEALTH DEPARTMENT

Administrative Policy and Procedure Manual

Section II:	Financial Practices
Policy 15.0	Delinquent and Uncollectable Accounts
Reviewed by:	Finance and Administrative Services Director
Approved by:	Health Director <i>L. Biddy</i> 9/2015

Policy 15.0 Delinquent and Uncollectable Accounts

The Orange County Health Department (OCHD) charges fees for its services. Many services are billed on a sliding scale. The sliding scale is a calculation based on economic unit and income. Most clients are assessed at less than 100% of OCHD's regular fee; however, they are still unable to make payments. In order to have a better understanding of OCHD true accounts receivable amount, delinquent and uncollectible accounts shall be administratively written off the books. OCHD shall assure that all requirements for state, local and in-house budgeting, financial reporting and auditing are followed.

As directed by the Orange County Board of Health at the October 23, 2013 meeting, Orange County citizens will not be refused medical services provided by the department solely based on inability to provide verification of income or verification of permanent residence. This is to ensure a barrier is not created to Women's Health services, the homeless population, migrant workers, and other persons residing in the county who cannot provide verification of income or permanent residence.

Purpose

The purpose of this policy is to provide guidance regarding handling delinquent and uncollectible accounts.

Procedures

15.1. Delinquent Accounts: defined as an account with an outstanding balance that is 30 days past due.

15.2. Uncollectable Accounts: defined as an account having an outstanding balance where the client falls into one or more of the following categories: deceased, moved and cannot be found, or declared bankruptcy. Delinquent accounts that do not have a payment for more than 12 months shall be considered uncollectible accounts. For Environmental Health accounts, uncollectable accounts include those in which the property was owned by a corporation, trust or non-individual and has been sold to another party. There may be other definitions of uncollectible accounts.

15.3. Bad Debt Write-Off: Removing Delinquent and Uncollectable Accounts less than \$50 from the Accounts Receivable system

15.3.1. For uncollectable account balances, a list will be prepared for the Health Director's review annually. For Medical and Dental, this list will be prepared by the Billing Manager or designee. The list of uncollectable Environmental Health account balances will be prepared by the Environmental Health Division Director or designee.

15.4. Debt Set-Off

15.4.1. For delinquent accounts more than \$50 and over 60 days past due, all divisions will follow the County's NC Debt Set-Off policy and procedures.

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Approved by:	Health Director

- 15.4.2.** The Accounts Receivable system shall indicate the recording of the account as “uncollectible” and moved to an “inactive” status after Health Director approval. Documentation and evidence of account status shall be on file in the event of an audit.
- 15.5.** A client who has had their account moved to “inactive” status shall not be informed of this administrative function. Any activity in the account shall re-activate the account. If the client returns within 3 years from the last date of service, the account may be reinstated and moved back to “active” status.
- 15.6.** Debt incurred for services provided to minors where the parent/legal guardian has authorized the client’s care by taking full responsibility for charges incurred from services rendered, is not reactivated when the client presents for services as an adult, but remains the responsibility of the parent/legal guardian.
- 15.7.** If the health department’s database becomes obsolete or otherwise unusable, the Health Director may use a different write off schedule. This especially pertains to outdated software that cannot be upgraded or change in programs where access from one to the other cannot be easily accomplished by Office Assistants’ who would need to check the client accounts.
- 15.8.** This policy shall be reviewed annually and updated as needed by the FAS Director.