

 HAWAII HEALTH SYSTEMS C O R P O R A T I O N "Touching Lives Everyday" Policies and Procedures	Department: Corporate	Policy No.: FIN 0521
	Issued by: Kelley Roberson Vice President & CFO	Revision No.: N/A
Subject: <i>Small Balance Write-Off of Accounts Receivable</i>	Approved by: HHSC Board of Directors By: Carolyn Nii Its: Secretary/Treasurer	Effective Date: February 10, 1999
		Supersedes Policy: N/A
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- I. PURPOSE:** To assure that the cost of resources in both time and money do not exceed the beneficial value of the amount that would have been realized had the account been collected in full.
- II. POLICY:** It is Hawaii Health System Corporation's (HHSC) policy to write off patient accounts balances less than \$25.00 after reasonable collection efforts have been attempted. Such accounts shall be written off the books of all HHSC facilities. Reasonable efforts shall include a series of data mailers and a minimum of one phone contact with the responsible party. The written off account balance shall be charged to an administrative write-off – small balance code. The facility Chief Financial Officer shall be responsible for assuring appropriate utilization of the write off code and that reasonable collection efforts have been attempted.
- III. PROCEDURE:**
- A.** Account balances less than \$25.00 will be identified as of the end of the month balance.
 - B.** The write off of the balance will take place during the subsequent month by debiting an administrative allowance – small balance expense and crediting the accounts receivable.
 - C.** To the extent feasible, the account may be written off automatically from the subsidiary Accounts Receivable system. the automatic write-off flag shall be set to a time increment that allows for reasonable collection efforts. If not automated, the Business Office shall prepare the necessary adjustment document following reasonable collection efforts to effect the write-off.
 - D.** The facility CFO shall review the listing of accounts written off, whether by automated or manual systems, to assure account balances are less than \$25.00.
 - E.** Periodically, the CFO shall test the reasonableness of the collection efforts taken prior to write-off.

- F. Should a subsequent payment be made on an account that had a zero balance resulting from the small balance write-off, the payment shall be debited to cash and credited to the administrative write-off – small balance expense account.

IV. DEFINITIONS:

- A. **Small Balance** – Account balances less than \$25.00 which remain after third party payers have paid their portion of responsibility and/or patient responsibility balances less than \$25.00 resulting from no activity to reasonable collection efforts.
- B. **Data Mailers** – Periodic statements sent to the patient and/or responsible party notifying them of their charges, payments, and current balance. The data mailer series and frequency is designated by facility.
- C. **Reasonable Collection Efforts** – Completion of the Data Mailer Series and a minimum of one phone contact during the collection efforts (from the date of service or discharge).