



EXECUTIVE SUMMARY
Guam Memorial Hospital Authority
Billing and Collections of True Self-Pay Accounts
OPA Report No. 19-01, February 2019

The Guam Memorial Hospital Authority's (the Hospital) billing and collection practices for true self-pay accounts did not comply with the applicable law, rules and regulations, and policies and procedures, thereby giving the opportunity for patients and/or guarantors to avoid paying their hospital bills. Management allowed non-collection or untimely collection of past due accounts by not instituting rigorous billing and collection systems. From January 1, 2017, through June 30, 2018, the Hospital billed \$22.1M, of which 90% or \$19.8M remained uncollected. The non-collection may affect the Hospital's ability to provide quality patient care.

Actual Billed Charges Different from Published Fee Schedules

We found that actual patient charges were not on the Hospital's published schedules, and/or incorrect based on updated effective rates. This raised significant concern as to the transparency and accuracy of billings to true self-pay patients.

Credit Arrangement/Payment Agreement at Discharge Not Done

The Hospital did not prioritize making credit arrangements before a patient's discharge. It averaged a patient six months after discharge to return and arrange for a payment plan.

Collections Staff Not Focused on Collecting Delinquent Accounts

About 99% of the time, the Collections Staff perform non-collection tasks, such as entertaining various calls and concerns from patients or visitors. Only 34% of our samples were followed up by telephone calls which were made 49 days after accounts had become delinquent. Still, collections have not progressed.

Delinquent Accounts Not Referred to the Contracted Collection Agency

The Hospital did not refer any delinquent accounts to the contracted Collection Agency, despite the law requirement of referring delinquent accounts after 120 days.

Partial and Interim Bills Not Provided to Patients

The Hospital did not provide partial or interim bills to patients. Billing and Collections Staff expressed concerns with the health and emotional status of the patient, hence being conscious of providing partial or interim bills.

Meanwhile, the Hospital could not provide for our inspection all the signed Legally Enforceable Debt forms and documentation of account referrals for tax refund garnishment. We also noted that the Hospital's Standard Operating Procedures (SOPs) related to the billing and collection of self-pay accounts were outdated for over two decades.

As a result of the audit, we made five recommendations.

Benjamin J.F. Cruz
Public Auditor