



# Do I Have to Notify Patients Before Sending Them to Collections?



Both healthcare providers and medical collection agencies alike hear a common complaint among patients who have been sent to bad debt: "I didn't know I owed a bill." More than likely your healthcare organization has a procedure in place to send several statements over a period of time, and best practice organizations will also follow up early and often by phone.

But must you also notify the patient prior to sending them to collections?

## The Short Answer

Generally creditors are [not required to notify debtors](#) when they turn a delinquent account over to collections. The Truth in Lending Act does require [written disclosure of credit terms](#), but this requirement should be met by your financial policy. If you intend to send past-due accounts to bad debt, you must indicate that, including the timeline, in your financial policy to be signed by all patients prior to rendering services.

The only exception is if your financial policy expressly states that you will provide notice, but most disclosures exclude notifications except as a courtesy.

## How Are Patients Notified?

Your medical debt collection agency is required to notify patients that their account has been placed. Under [Section 809 of the FDCPA](#), debt collectors must provide written notice containing (1) the amount of the debt; (2) the name of the creditor to whom the debt is owed – in this case your hospital or practice; and (3) provision of a 30 day period in which the patient can dispute the debt.

## Courtesy Notifications: A Best Practice

Many consumers mistakenly believe that you are required to notify them before their account is sent to bad debt. While you now know that is not the case, it may be a best practice to provide notice as a courtesy on their final statement. If you are able to prepare a patient for the next steps, as outlined in the financial policy that they signed prior to receiving services, they are less likely to react so strongly when it does happen.

Avoiding this "surprise" could help you maintain that patient relationship. Additionally, a courtesy notification may also result in payment prior to collections, which can save your organization agency fees and could also result in higher recovery on the balance.



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