

<p align="center"><u>Section</u></p> <p align="center">ACCOUNTING</p>		<p align="center"><u>Title</u></p> <p align="center">Debt Collections</p>
<p align="center"><u>Date Established</u></p> <p align="center">7/18/2016</p>	<p align="center">FINANCIAL OPERATIONS MANUAL</p>	<p align="center"><u>Effective Date</u></p> <p align="center">10/26/2017</p>

PURPOSE: To describe the policy to collect outstanding accounts receivable, billings and other past due payments owed to the City.

SCOPE: Applies to all past due and uncollected payments due to the City.

AUTHORITY: RCW 19.16.500, RCW 35.50.030, RCW 35.67.230 – 250
MMC 3.20, MMC 13.16

POLICY

- 1.0 It is the policy of the City of Mukilteo to collect, in a timely manner, all debt and payments due to the City.
- 2.0 The City shall bill accounts in accordance with progressive collection procedures established by the City Finance Department.
- 3.0 Any payments or debt not paid in a timely manner will be turned over to a collection agency retained by the City for the purposes of collecting delinquent payments. RCW 19.16.500 (1a)
- 4.0 The City will add a fee equal to the amount charged by the collection agency to each account collected, plus applicable overhead charges and penalties. RCW 19.16.500 (1b)
- 5.0 Partial amounts collected will be assigned in the following order: original debt, collection agency fee, overhead charges and penalties,
- 6.0 The City will send a notification letter to the party owing the debt to the City, notifying them of the debt and that they have 30 days to pay the debt, without added fees, before it is turned over to the collection agency and/or before foreclosure proceedings commence.
- 7.0 The City will monitor all accounts turned over to the collection agency and monitor their progress on collections.
- 8.0 Amounts remaining uncollected may be subject to additional action, including legal; if it is determined that such action is beneficial to the City.
- 9.0 This policy can be amended by the Management Services Director as needed.

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DEBT COLLECTION PROCEDURE

1.0 Accounts Receivable

- 1.1 Finance will bill all Accounts Receivable transactions when notified. Payment will be due 30 days after billing.
- 1.2 If payment is not received within 30 days, a ‘reminder’ billing will be issued which will be due within 15 days.
- 1.3 If payment is not received within 15 days, a ‘Notice of Intent to Collect’ letter will be issued stating that the account will be sent to a collection company if not paid within 30 days and will be assessed a fee equal to the fee charged by the collection company and applicable penalties.
- 1.4 If payment is not received within 30 days, the account will be turned over to the collection company.

2.0 Third Party Billing

- 2.1 Billing done for the City by a third party will follow the contract in place for that billing.
- 2.2 At the time the third party biller writes off the debt, the City will begin the process of sending the account to collections. The Finance Department will receive a list, including names, address, and amount due from the third party biller.
- 2.3 Finance will send the debtor a ‘Notice of Intent to Collect’ letter stating that the account will be sent to a collection company if not paid within 30 days and will be assessed a fee equal to the fee charged by the collection company and applicable penalties.
- 2.4 If payment is not received within 30 days, the account will be turned over to the collection company.
- 2.5 Finance will deposit monies received and send a notification to the third party biller, as requested, of the name and amount collected.

3.0 LID Assessment Delinquencies (RCW 35.50.030) (MMC 3.20)

- 3.1 If on January 1, two installments are delinquent, or if the final installment has been delinquent for more than one year, the City shall proceed with foreclosure.
- 3.2 Owners of the delinquent property will be notified by certified mail, to the last known address, 30 days prior to the court foreclosure proceedings.

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- 3.3 If the name on the tax rolls for the property address is different from the name of the owner that the City has on file, both names will be notified of the pending foreclosure.
- 3.4 The notice will include the amount due, including foreclosure costs, attorney fees penalties and the date after which the foreclosure proceedings will commence.
- 3.5 At the times of commencement of the foreclosure proceedings, the City shall file an affidavit of the person mailing the above notice as proof of notice compliance.

- 4.0 Surface Water Billing (RCW 35.67.2xx) (MMC 13.16)
 - 4.1 Surface Water Management billing delinquencies are the responsibility of the property owner.
 - 4.2 The City shall begin foreclosure proceedings on surface water accounts delinquent for six months or more. (RCW 35.67.230)
 - 4.3 Foreclosure procedures will follow the procedures for foreclosure of mortgages on real property. (RCW 35.67.240)
 - 4.4 Amount due will include past due charges, interest on the service charges, at the rate stated in the RCW, per year from the date of delinquency, other costs and disbursements as provided by statute and attorneys' fees as assessed by the court. (RCW 35.67.250)
 - 4.5 If the City enters into an agreement with another agency to collect surface water fees, such agency may assess past due charges, interest and/or penalties on delinquent amounts consistent with that agency's policies and practices (Amendment added 10/26/2017).

- 5.0 Police Department Receivables
 - 5.1 As receivables occur, the Police Department will send to the Finance Department, a list including the name, address and amount owed to the City.
 - 5.2 Finance will send the debtor a 'Notice of Intent to Collect' letter stating that the account will be sent to a collection company if not paid within 30 days and will be assessed a fee equal to the fee charged by the collection company and applicable penalties.
 - 5.3 If payment is not received within 30 days, the account will be turned over to the collection company.
 - 5.4 Finance will deposit monies received and send a notification to the Police Department of the name and amount collected.

<u>Section</u> ACCOUNTING	 CITY OF MUKILTEO <i>Finance Department</i>	<u>Title</u> Debt Collections
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6.0 Fire Department Receivables

Debt Collection Procedure for Ambulance Billing

- 6.1 The Fire Department will complete an electronic medical record of the transport and document any demographic and insurance information available.
- 6.2 Records will be reviewed for completeness by the department and uploaded to the billing contractor.
- 6.3 The billing contractor will follow the process outlined in their contract. The City of Mukilteo follows the write-off requirements established by the Medicare and Medicaid programs.
- 6.4 The Finance Department will post all payments received in the lock box as they occur.
- 6.5 In the event a refund is due on an account, the billing company will send the refund request and supporting documentation to the Finance Department for review and payment.
- 6.6 On a monthly basis, all accounts with no payment activity for a period of ninety days and an account balance greater than \$25 will be sent to the Fire Chief or designee.
- 6.7 Accounts with a balance less than \$25.00 will be authorized for write-off. Accounts with a balance of at least \$25.00 will be authorized for collections. The Fire Chief or designee will so notify the billing contractor.
- 6.8 The billing contractor will send any accounts authorized for collections to the City-contracted collection company and remove these balances due from the Fire Department's accounts receivable ledger. These accounts will be recorded in the billing contractor's system in such a way as to track the accounts and balances referred to collections.

Debt Modification or Cancellation

- 6.9 The City of Mukilteo may modify or cancel debts owed to the government for emergency medical treatment and transportation provided by the Mukilteo Fire Department. The Fire Chief or designee is responsible for evaluating any request for modification or cancellation using the criteria in this policy.
- 6.10 The department's contracted billing company will provide an annual report setting out the number of accounts and amounts that have been written-off during the previous year.
- 6.11 The department's billing contractor will forward all requests received for consideration related to ambulance bills to the Fire Chief or designee for review and determination of any action that may be taken. The

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department will provide written documentation of the decision to the billing contractor. The billing contractor will then inform the patient. All copies of written documentation and email correspondence concerning an account are maintained by the billing contractor.

- 6.12 If the Fire Department receives a written request from a patient or their agent outlining their financial circumstances, the department may authorize the write-off of up to 20% of the balance due and/or may accept a payment plan. The billing contractor continues to track the account and all payments are sent to the lock box for proper posting. If the patient does not pay the modified account balance or does not stay current with the payment plan, the balance due plus the amount written off may be referred to collections.
- 6.13 If the department receives a written request from an attorney requesting modification of the debt as a result of a court-ordered judgment, the department may authorize the write-off of up to 20% of the balance due, provided the remaining balance is paid in full. Payment is made to the lock box and the billing contractor handles appropriate posting to the account.
- 6.14 If the Fire Department receives a written request from a patient or their agent that outlines circumstances which indicate the patient has no means of income and no reasonable expectation of income in the foreseeable future, the department may cancel the debt in its entirety.
- 6.15 If the department receives a written request from a patient or their agent which includes documentation that a hospital has written off all or part of the patient's hospital stay after the ambulance transport, the department may modify the patient's debt by the same percentage used by the hospital, up to and including 100%.
- 6.16 If the patient's debts have been discharged in a bankruptcy proceeding, the department may write-off the debt in accordance with the rules governing bankruptcies.