



Dave and I thought it would be good time to discuss some frequently asked questions. So over the next few newsletters we will tackle your questions. If you have a question or a topic that you would like us to cover, please let us know.

THIS MONTH'S COLLECTION TIP

Frequently Asked Questions

Question: When a patient files bankruptcy, what do we do and what is the difference between Chapter 7 and Chapter 13 bankruptcy?

Answer: The short answer is both you and we must stop collection activities. If you receive notice of a bankruptcy, please let us know. Most times we have been notified, but it does not hurt to double check. We will mark the account as a bankruptcy and stop collection activity. If it is a Chapter 7 we cancel and return the account to you. If it is a Chapter 13, we file a claim with the bankruptcy court.

A 3D rendering of a book titled "Spice it Up!". The cover is white with a red border. At the top, the title "Spice it Up!" is written in red. Below the title is a logo consisting of a red and yellow ribbon forming a stylized number 9. Underneath the logo, the text "9 RED HOT INGREDIENTS TO FIRE UP YOUR A/R COLLECTIONS IN JUST 30 MINUTES A WEEK" is written in red and black. At the bottom of the cover, the authors "Tony Muscato and Dave Schmitz" are listed in yellow. Below the book, there is a promotional message: "Get more money coming back to you with CDAC's 9 PROVEN strategies." and "Click for a FREE copy." The entire graphic is enclosed in a red rectangular border.

Get more money coming back to you with CDAC's 9 PROVEN strategies.

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Filing for Chapter 7 bankruptcy does not mean that immediately all of the consumer's debts are eliminated. Secured debt must still be dealt with. It does mean that commonly unsecured debts like credit card bills and medical expenses do not have to be paid back.

When a consumer files Chapter 7, it often means liquidating most of their personal property. A consumer's credit rating is devastated and it becomes very difficult for them to get credit in the future.

Filing for Chapter 13 means that a consumer is restructuring their debt by negotiating with their creditors and establishing a plan to pay them off over the course of 3 to 5 years. By promising to pay off their debt, the consumer is allowed to keep valuable personal property and their credit rating is hurt, but not as bad as in Chapter 7.

Question: In the case where the consumer is deceased, who is responsible and what can be done to collect an unpaid bill?

Answer: Collecting from the deceased is a sensitive matter, requiring a delicate approach. As a first step, we must identify who will be handling the estate. In many states, if the deceased has a spouse, they are responsible for the debt and we approach the spouse in the same manner as the responsible party. If the deceased does not have a spouse, we must identify the administrator or executor of the estate in order to establish how the deceased's assets are being distributed, including whether the estate will proceed through probate court. In most cases, the deceased's children or other relatives are not responsible for the debt except for in cases where they were the co-signor of the debt.

If the deceased had a will, it generally goes to probate court. The main purpose of probate law is to ensure quick and efficient handling of estates, including the collection of debts from the estate. In the majority of cases, the probate process is initiated in the county of the deceased's residence at death. During probate, creditors are notified of the estate holder's death. Upon notification, the creditor must submit a claim for the amount to either the personal representative or the court depending on state law. The claim must be made by the deadline established by the court. If the claim is approved by



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the court for payment, the bill is paid out of the assets of the estate. In situations when the estate is unable to pay all debts, state law determines the order in which creditors are paid. In these cases, the personal representative will sell some of the estate's property to pay the outstanding debts. After liquidation, if claims still remain, the assets are divided to the creditors proportionally.

The probate process can be very difficult to navigate. It can be difficult to find out if the deceased had an estate. Filing the claims, matching accounts to estates, and meeting deadlines can be complex. At CDA, we recently started a relationship with a company called Probate Finder. They are experts in the probate process. Every month we send all of our accounts to them. They continually run the accounts through their system to look for dates of death. If they find a deceased account, they search over 3,450 courts nationally to see if a will has been filed in probate court. If a last will and testament has been filed, they fill out the necessary paperwork and file a claim. This is a new service that we are offering and we are very optimistic about the results. We will keep you updated.

INDUSTRY NEWS

In October's Newsletter, I talked about the growing number of lawsuits against collection agencies for calling cell phone numbers using an automatic dialer. That is why we recommend that you add a permission box to your patient information form that would give us permission to call the patients cell phone. You can see an example of our Patient Information Form by going to <https://www.cdac.biz/library>.

The Association of Credit and Collection Professionals (ACA) has been working hard to amend the current legislation to allow automated dialers to call cell phones. There was a recent ruling in the Illinois courts that could have some impact on the issue. Below is an article from the ACA weekly newsletter on the topic:

Illinois district court finds HIPAA privacy regulations do not restrict a medical provider from giving a cell phone number to a debt collector.

Some consumer attorneys have filed Telephone Consumer Protection Act claims alleging a debt collector lacks consent to collect medical debt even if the consumer gave the medical provider his/her cell phone number because of Health Insurance Portability and Accountability Act privacy restrictions.

On Jan. 20, 2012, the U.S. District Court for the Northern District of Illinois held a consumer consented to receiving a call on his cell phone by giving his number to a medical provider, and HIPAA did not render such consent ineffective.

In Mitchem v. Illinois Collection Serv., Inc., a consumer provided his cell phone number to a medical provider when he received treatment. When the

consumer failed to pay his medical bill, the provider forwarded his account to a collection agency. The collection agency used an automatic dialing device to place numerous calls and prerecorded messages to the consumer's cell phone. The consumer filed a class action lawsuit against the collection agency asserting the agency violated the TCPA by placing calls to consumers' cell phones without prior consent.

The consumer argued in the context of medical debts, HIPAA made ineffective any consent that would otherwise arise by providing his cell phone number to the medical provider because protected health information, such as a cell phone number, cannot be disclosed under HIPAA.

The court disagreed, reasoning HIPAA allows medical providers to release PHI without a consumer's consent for payment purposes. The court also found that because a cell phone number is "reasonably necessary" for a debt collector to obtain payment of a medical debt, a provider may disclose a cell phone number to a collector under HIPAA. Moreover, the court questioned whether HIPAA had any effect on whether a consumer consent to receive calls under the TCPA.

Accordingly, the court granted the collector's motion for summary judgment.

The favorable ruling may help with other pending cases related to this issue.

TRAINING & EDUCATION OPPORTUNITIES

Play on Demand Webinar - Now Available!

Many of you belong to various professional medical office management associations and are looking for industry professionals to conduct a seminar at your local or state meetings.

CDA is now offering a free seminar called "**9 Red Hot Ingredients to Fire Up you're A/R Collections in Just 30 Minutes a Week?**" for your medical or office managers association. We just conducted the seminar for the American Association of Professional Coders and they received 1.5 CEUs towards their professional certification for attending. You can view a short video on the seminar by going to <https://www.cdac.biz/spiceitup>

If you are interested in learning more about how you can bring our seminar to your association, please call Dave or Tony.

FROM CHEF DAVE'S KITCHEN

This month we are featuring recipes from our friends at Parkview Orthopedic in Palos Heights, IL. Thank you for sharing with us. Dave was late the morning after trying the Peggy Punch!!

Peggy Punch

- 1 5 gallon bucket
- 1 bottle of VO
- 2 frozen lime-aids
- 2 frozen lemonade
- 2 liters of cream soda
- 2 liters of ginger ale

Mix together, freeze for one day, then drink and enjoy!

Stuff Jalapenos

- 1 lb of ground pork sausage
- 1 8oz cream cheese (soften)
- 1 cup shredded parmesan
- 1 lb large fresh jalapeno pepper

Preheat oven @ 425

Cook sausage over medium heat---- drain grease

In bowl mix sausage, cream cheese and parmesan cheese

Cut peppers in half long way

Stuff peppers with mixture

Bake 20 minutes or until lightly brown

Serve with ranch dressing

Crock Pot Chocolate Cake

- 1 box chocolate cake mix
- 8 oz sour cream
- 1 package instant chocolate pudding
- 1 cup chocolate chips
- 4 eggs
- ¾ cup oil
- 1 cup water

Mix all ingredients together. Pour into lightly greased 5qt crock pot, metal coffee can or Crock Pot Cake Bake pan. Cover.

Cook 3-4 hours on high or 6-8 hours on low.

Ham Bone Soup

- 1 ham bone with some meat
- 1 onion, diced

- 1 (14.5 ounce) can peeled and diced tomatoes with juice
- 1 (15.25 ounce) can kidney beans
- 3 potatoes cubed
- 1 green bell pepper, seeded and cubed
- 4 cups water
- 6 cubes chicken bouillon

Place the ham bone, onion, tomatoes, kidney beans, potatoes, and green pepper into @ 3 quart or larger slow cooker. Dissolve the bouillon cubes in water, and pour into the slow cooker

Cover, and cook on High until warm. Reduce heat to Low, and continue to cook for 5 to 6 hours.

Tony

Tony Muscato, Vice President Creditors' Audit & Discount Company

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