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State of Wisconsin
Department of Health Services

DIVISION OF ENTERPRISE SERVICES

BUREAU OF FISCAL SERVICES
BILLING AND COLLECTIONS
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Date: August 31, 2010

To: Agencies Subject to the Uniform Fee System

From: Troy Kitzrow
Bureau of Fiscal Services

**Re: Guidelines for Using a Collection Agency
under the Uniform Fee System**

The purpose of this memorandum is to provide county agencies with guidelines for obtaining written approval to refer accounts to a collection agency under Wis. Admin. Code §§ DHS 1.05(5) and (13)(c)2., of the Uniform Fee System.

GUIDELINES:

County agencies that are subject to the Uniform Fee System under Wis. Stat. §§ 46.03(18) and 46.10, and Wis. Admin. Code ch. DHS 1, may use the services of a collection agency subject to all of the following conditions:

1. The collection agency must provide evidence that it is currently licensed or certified as a collection agency by the Wisconsin Department of Financial Institutions – Division of Banking.
2. The county agency and the collection agency must have a written agreement in which assurances are made that collections will be carried out according to the provisions of Wis. Stat. §§ 46.03(18) and 46.10, and Wis. Adm. Code ch. DHS 1. Note: These provisions do not provide for interest payments on debts. Interest may be charged only when a court orders interest on debts for the time after the debt has been reduced to a judgment, but remains unpaid.
3. Any account referred for court enforcement should either be delinquent according to Wis. Admin. Code § DHS 1.05(13)(a), or a case where the responsible person has refused to provide information that would allow the county to determine that person's ability to pay.
4. The collection agency must ensure that a responsible party has resources in which to pay the debt before a judgment against that party is executed.
5. If the collection agency has a case that can be identified as related to alcohol and other drug abuse services, then the collection agency must meet Federal requirements as a "qualified service organization." See 42 C.F.R. Part 2 Subpart B 2.11 (1983), as may be amended. The

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collection agency must also include a qualified service agreement between the “51.42 Board” or provider, and the collection agency. *See*, Wis. Stat. § 51.42.

6. The collection agency must meet all of the requirements under the Health Insurance Portability and Accountability Act (HIPAA), the HIPAA Security Rule, and the Health Information and Technology for Economic and Clinical Health Act (HITECH). As part of the HIPAA requirements, the collection agency will need to sign a Business Associates Agreement (BAA) with the county agency. A Model agreement is available at: <http://www.dhs.wisconsin.gov/HIPAA/Documents/baagreement.doc>
7. The collections contract must specify all of the following:
 - a. The contract must state that all collections are subject to the Uniform Fee System, including references to Wis. Stat. §§ 46.03(18) and 46.10, and Wis. Admin. Code ch. DHS 1.
 - b. The commission arrangement or the basis of payment under the contract.
 - c. How the collection agency will report to the county agency its progress on outstanding accounts.
 - d. A statement by the collection agency acknowledging that it will not notify or contact any credit bureau about any responsible party, other than a mention of a judgment against a responsible party that was ordered as a result of a court proceeding.
 - e. Standard wording related to non-discrimination as required by State and Federal law.

IMPLEMENTATION:

1. If a county agency has already been granted permission to use a collection agency, then no further action is required to continue using the agency.
2. If a county agency has not previously been granted permission to use a collection agency, then the county should contact the Bureau of Fiscal Services, in writing, at:

Dave Demaske
Division of Enterprise Services
Bureau of Fiscal Services
1 West Wilson Street, 7th Floor
Madison, WI 53703-3445
(608) 261-5984

PLEASE DISTRIBUTE THESE GUIDELINES AND ATTACHMENTS AS NEEDED TO APPROPRIATE STAFF.