



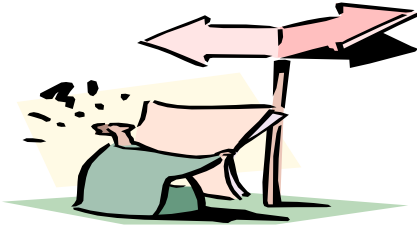
# PFC COLLECTION NEWS

working together to resolve debt

## RESPONSIBILITY FOR PAYMENT OF MEDICAL DEBT

JERRY PEER, DIRECTOR OF TRAINING AND DEVELOPMENT

Central to the collection of a debt is determining who is responsible for payment and who is not. While the recipient of the goods or services is typically liable (there are some exceptions when the recipient is a minor), he/she may not be the only party responsible and you would be forfeiting an opportunity to enhance your pre-collection recoveries absent this knowledge. On the other hand, you may be spinning your wheels by trying to enforce collection of a debt from someone who can not be held liable for its payment or worse, be putting yourself at risk for trying to collect from a wrong person. There are basically two means for determining liability for payment of a debt – those implied in law and those determined by contract.



Liability for payment can obviously be traced to a signed contract or agreement, but in some cases, liability can and does exist irrespective of any signed contract. Such is the case in debts of minor children and certain classes of marital debt dependent on state statute or case law.

The medical debts of minor children are always the responsibility of both parents – jointly and severally. That is, parents whether married or not at the time the debt was incurred share equally in responsibility for payment. If divorced, the divorce decree may fix responsibility for payment of medical debt with one of the parents, but this decree has no bearing on the right of the creditor to vigorously pursue both parents for payment. The rights, duties and responsibilities set forth in the decree are between the two parties named and impose no obligation to pursue one party over the other on the creditor as it relates to collection of the medical debts of the minor children.

Another liability implied in law is based on the common law “doctrine of necessities”, a rule of law which first emerged in the English courts over 300 years ago. It allowed a wife to buy her necessities (food, clothing, shelter, medical care or education for minor children) on her husband’s credit even if the husband refused or neglected to provide for her necessities. Like other common law principles, the doctrine was transplanted from England and applied in the United States. Many states (35 in total) have taken the original doctrine and have expanded its scope. In these 35 states, state statutes have established that both spouses are liable for the debts of the other when those debts were incurred to provide “necessaries”. So, in effect, as long as the debt incurred was for medical care, in the context of the couple’s marriage, each spouse bears full responsibility for payment. The 15 states which do not have a doctrine of necessities in place include - Alaska, Alabama, Arkansas, Delaware, Florida, Georgia, Hawaii, Maryland, Michigan, Mississippi, Montana, New York, Texas, Vermont and Utah. In these states, each spouse is responsible for payment of their own medical debt and can not legally be compelled to pay for the medical debt of their spouse. More recently, courts have generally ruled that the doctrine of necessities ends with the dissolution of marriage through separation. Any medical debt incurred by either spouse after the date of separation is the responsibility of the recipient of the service. The doctrine of necessities may apply in limited circumstances in common law marriages, but many courts are imposing a heavy and difficult burden of proof on creditors attempting to enforce collection under this doctrine when asserting common law marriage.

(continued)

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## (Responsibility - continued)

Short of these two legally-implied means for fixing responsibility for payment of medical debt, contractual law applies. Any party who has attained his/her state's legal age of majority can assume liability for payment via signed contract. Additionally, legally emancipated minors are also able to enter into a contract. The following examples highlight some of the more common cases encountered wherein liability for payment of the medical debt could only be affixed via contract:

- Step-parents can not be held liable for payment of their stepchild's medical debt unless they sign a financial agreement assuming responsibility for payment
- Grandparents can not be held liable for payment of their grandchildren's medical debt unless they sign a financial agreement assuming responsibility for payment
- A parent who provides insurance billing information for an adult child who is still covered under their policy, does not assume any responsibility for payment of co-pays, deductible or co-insurance amounts unless they sign a financial agreement assuming responsibility for payment



In the end, the best means for enforcing collection of your medical billings is to have the service recipient or whoever identifies themselves as the responsible party sign the necessary financial agreement. This affords you a legally binding and enforceable instrument that may augment an existing liability implied in law.

## NEW PRODUCTS MIX

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PFC Check Solutions powered by eTranz service is by far the most advanced and efficient way to collect the funds on checks that are returned to you for any reason. By using a variety of fully electronic and manual collection techniques, PFC Check Solutions and eTranz can provide superior collection with the quickest funding available today of your recovered checks.

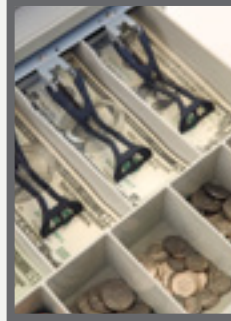
Our immediate action not only increases the chance of successful recovery, but will keep you from the expense and burden it takes you to collect bad checks. Maintain your customer relations and trust the professionals with your bad check recovery.

**To learn more... Contact Laura Myers at 970.352.5000 or 800.864.4391 extension 322**

## NEW PRODUCTS MIX Powered By **eTranz**

### MERCHANT PARTNERSHIP PROGRAM

The PFC eTranz Merchant Partnership Program allows our merchants to participate in our RELIABLE and FREE NSF check collection process, allowing the business owner to focus on the day to day activities associated with running a successful business. This service is the most advanced and efficient way to collect the funds on checks that are returned to you for any reason. The program is FREE; has a proven higher collection rate; recovers 100% of the check's face amount to the merchant; gets the merchant's money faster; allowing the merchant to focus on running their business.



### SCHOOL PARTNERSHIP PROGRAM

The PFC eTranz School Partnership Program helps the School to be FISCALLY RESPONSIBLE by assuring the collection of NSF checks.

NSF checks are increasing in public schools. The sagging economy, along with the fact that schools are viewed as "soft" targets has led to an increase in dishonored paper and electronic checks. The SOLUTION is our NSF CHECK GUARANTEE PROGRAM. This program transfers the risk and indirect expense of NSF checks from the school directly to the SCHOOL PARTNERSHIP PROGRAM. This program is FREE; eliminates economic loss from NSF checks; improves staff morale; eliminates bookkeeping accountability; and eliminates negative parental relations.



### E-SOFT PAYMENTS

This versatile piece of software allows offices to process electronic checks as well as ACH transactions, all from one networked piece of software. Excellent for doctors, dentists, chiropractors, veterinarians, property management, insurance companies, churches, school districts, utility companies and municipalities, just to name a few.

### PFC Check Solutions

The Most Effective Way To Collect Bad Checks