

# CAROLINA FAMILY HEALTH CENTERS, INC.

## PROCEDURE

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**TITLE:** FIN-103.02 Insufficient Funds

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**EFFECTIVE DATE:** May 2009

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**SECTION:** Finance

**REFERENCE POLICY:** N/A

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**RESPONSIBLE CHIEF OF STAFF:** Chief Financial Officer

**RESPONSIBLE COMMITTEE:** Finance CIT

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**REVIEWED:** 08/13, 12/15, 07/16, 3/18, 06/27/2022, 08/18/2025

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### I. PURPOSE

The purpose of this procedure is to describe the process of Carolina Family Health Centers, Inc. (CFHC, Inc.) for handling checks with insufficient funds (i.e., bad checks).

### II. PROCEDURE

The procedure for accepting checks from patients can be found in *FIN-103.01 Cash Receipts*.

#### ***Documentation of Bad Check***

When CFHC, Inc. finance staff receives a bank notification informing that a patient's check was returned due to insufficient funds, the notification is given to the Staff Accountant.

The Staff Accountant utilizes the *Insufficient Funds Letter Template* to draft and send a letter to the patient (see attachment). The letter is saved within the guarantor account in the Patient Management System (PMS). The patient is responsible for reimbursing CFHC, Inc. for the value of the bad check as well as the associated bank fee. Reimbursement is requested within 15 business days and may be made using cash, money order, debit card, or credit card only – not with a check. Partial payments are not accepted.

The Staff Accountant then sends a copy of the bad check to the billing and pharmacy departments for documentation.

- Billing staff applies the returned check amount plus fee to the guarantor account and activates the “returned check” flag on the account.
- If the patient is in the pharmacy system, pharmacy staff enter a notation into the pharmacy software system with information on the bad check, activate the “no checks” patient option, and apply the returned check amount plus fee as a charge on the “Insufficient Funds Check” charge account.

Patients with an active returned check flag may not utilize personal checks to make payments to CFHC, Inc. until the reimbursement is made and the flag is removed.

#### ***Collection of Reimbursement for Bad Check***

- At Front Office: Front Office Associate (FOA) collects reimbursement, notates the payment in the PMS, removes the returned check flag from the guarantor account,

and forwards the information to the Front Office Supervisor, who notes the transaction on the *Daily Payment Form*. The FOA also informs the Staff Accountant of the payment.

- At Pharmacy: Pharmacy Technician (PT) collects reimbursement, notates the payment to the charge account, removes the no checks patient option, and notes the transaction on the *Daily Payment Form*. The PT also informs the Staff Accountant of the payment.
- Staff Accountant either provides the check to the patient at the time of reimbursement collection or destroys it – based on patient preference. The Staff Accountant then alerts whichever department did not receive the payment so that the corresponding charge may be removed accordingly.

Once reimbursement for the bad check is made, the flag on the patient's account is removed. Exception: any patient who writes a check on a closed account remains flagged permanently.

### **III. ATTACHMENT**

- *Insufficient Funds Letter Template*