**When Your Patient Files Bankruptcy**

You have been notified that your patient has filed bankruptcy and your balance is included in their debts. Now what happens? What are your options? We were recently presented with this scenario, and our claims representatives were ready with an answer.

by [Tony Dickinson](https://www.ncmic.com/authors/tony-dickinson-a36/) in [Patient Interactions](https://www.ncmic.com/learning-center/articles/risk-management/patient-interactions/) on Wednesday, June 19, 2019

The most important action is to immediately cease all attempts for collection of past due amounts upon notice of the bankruptcy. If you are using an outside source for collections, be sure they are aware of the bankruptcy and take the appropriate action. An attempt to collect the unpaid fees is a violation of a court order and can cost you in attorney fees, court costs and punitive damages.

Generally, a provider can discharge a patient when the doctor/patient relationship has become broken. However, keep in mind that refusing to give the patient any more appointments based on non-clinical reasons (e.g., past due accounts) could be considered constructive abandonment and should be avoided if possible.

Regardless of whether the debt is discharged in bankruptcy, the provider should not feel obligated to treat someone for free. Consult a bankruptcy lawyer to confirm if that rationale is correct in your jurisdiction. And, depending on the type of bankruptcy, some debts may still be paid. Again, your attorney can advise you further on your options such as filing a claim with the court.

Also, keep in mind that standards of care still need to be adhered to, even if a bankruptcy is involved. Once a healthcare provider has undertaken a course of treatment, they should not discontinue that treatment without giving the patient adequate notice and the opportunity to obtain the services of another provider. Care should be taken that the patient’s health is not jeopardized in the process.

If the provider determines they must terminate the doctor/patient relationship, a letter to this effect should be sent by certified mail/return receipt and by regular mail. Using both methods ensures and documents that the patient was either notified or a valid attempt to do so was made. The letter should inform the patient of the reason(s) for the termination, i.e., failure to follow instructions or cooperate with care and/or failure to meet financial obligations to compensate the healthcare provider for professional services rendered.

If continued care is still required, the patient should be strongly urged to seek it. The termination letter should state that the healthcare provider will provide them with adequate time and assistance to seek another provider and give a specific time frame they have to do so, e.g., 30-45 days. During that time the healthcare provider should inform the patient that they will be available for emergency care or consultations, or to offer a referral, if necessary. The healthcare provider may not necessarily be required to make a specific recommendation to a subsequent treating provider, but they are responsible to help the patient find substitute care if they request it. Be sure to recommend the patient contact the local professional society. You may not want to refer them to any of your acquaintances.

The termination letter should also inform the patient that, upon request, a copy of their records will be forwarded to them or to a subsequent treating practitioner. Reasonable fees for the duplication of records may be allowed. The healthcare provider will want to check with their state board or association on the allowable fees. Keep in mind that when attempting to terminate the doctor/patient relationship, it may not be prudent to place a financial stumbling block such as a records duplication fee in the patient's way. Attempting to collect a fee for record duplication may cause the patient to retaliate with a board complaint or lawsuit for any perceived wrong that, up to this point, was not that important.

No matter your next steps, it is important to respect your patient throughout the process of the bankruptcy, for both your benefit and theirs.