PURPOSE: This policy provides an overview of how to determine a customer’s ability to pay and when to deny services when a customer has not paid, when applicable.

AUTHORITY: ORS 291.015  ORS 293.590

APPLICABILITY: This policy applies to all state agencies included in the State’s annual financial statements, except for those agencies specifically exempted by OAM 01.05.00.

POLICY:

101. Agency management must ensure that agency personnel employ appropriate practices in the management and collection of accounts receivables.

102. Do not interpret this guidance as conflicting with the policies of any state-supported hospital or any other state or federal statute or regulation and do not use it as the basis for denying necessary medical healthcare or medical assistance. If in doubt as to your right to withhold services because of unpaid debt, consult your assigned legal counsel.

103. When an agency has a choice in the customers with whom it does business, the agency must develop policies and procedures for determining a customer’s ability to pay as well as policies and procedures addressing if and/or when to delay or withhold services to delinquent debtors.

PROCEDURES:

Determining Customer’s Ability to Pay

104. Credit reporting bureaus can furnish information concerning the paying habits of individuals and the extent of their credit buying. Agencies may use credit ratings in judging the customer’s reliability to pay.

105. Agencies may use financial statement analyses for businesses to determine the financial stability of the business.

106. When a customer does not appear financially stable, the agency may still transact business by providing the goods and/or services on a cash basis.
107. Agencies may grant credit based on the financial condition of a co-signer or guarantor, provided the agency analyzes the co-signer or guarantor in the same manner as the customer, and can hold the co-signer or guarantor responsible for unpaid debt.

**When to Deny Services**

108. In general, the State may not continue to do business with an individual who is not fulfilling his or her obligations to a state agency. Examples of services that may be denied include:

- Diplomas, transcripts, and grade reports
- Future services
- Driving privileges
- Professional licenses

109. Each agency must develop a way to identify when an individual's account becomes delinquent or when a debtor is non-compliant with a requirement set by statute. The agency must develop an automated or manual system to flag a debtor's record when past due. The agency must check the record before each provision of goods or services to ensure that they do not provide goods or services to delinquent debtors who have not fulfilled all of their prior obligations.

110. The action of a debtor filing bankruptcy may prohibit the State from withholding goods or services. Agencies should review such situations with the Civil Recovery Section of the Department of Justice.