

Recommendations Regarding Hospital-Based Medical Debt and Collections



Champaign County Health Care Consumers
44 East Main Street, Suite #208 • Champaign, IL 61820
Phone = (217) 352-6533 Email = cchcc@prairienet.org Web = www.prairienet.org/cchcc

Helping the people of Champaign County who have problems with the health care system and working to change the system so that everyone has access to quality affordable health care!

Recommendations Regarding Hospital-Based Medical Debt and Collections

By Champaign County Health Care Consumers and the Community Coalition on Medical Debt

Drawing on the experiences of hundreds of consumers in our community burdened by medical debt, the Champaign County Health Care Consumers (CCHCC) and the Community Coalition on Medical Debt have developed these recommendations for legislative reform to protect uninsured and low-income consumers from harmful hospital-based medical debt and collections practices.

These recommendations should apply to any health care provider who is billing for services provided in a hospital setting, or as part of hospital-based care provided to the patient. In Champaign County, patients who are hospitalized can expect to receive at least two separate bills for their hospital-based care: one from the hospital (for use of the facility, room charges, supplies, etc.) and one from a for-profit physician clinic (for physician services, including surgeons, specialists, etc.). Sometimes patients even receive additional bills from Emergency Room companies or laboratory and diagnostic companies with whom the hospitals contract to provide those services in their hospital.

In order for patients to be protected from harmful debt and collections practices resulting from hospital-based care, these recommendations must apply to any health care provider who is billing for services provided to patients in hospitals.

Our recommendations fall into six broad areas:

- 1) Fair Pricing and Charges, and Discounted Care;
- 2) Provide Appropriate Information, Assistance and Reasonable Repayment Options;
- 3) Cease Harmful Legal, Financial, Credit, and Collections Practices Against Patients;
- 4) Fairness and Respect;
- 5) Guarantee Access to Care; and
- 6) Accountability and Transparency

Below, we have listed these recommendations, as well as references to other health systems or local or state laws that also make similar recommendations or enact similar measures. **Please note that many of our recommendations are consistent with the recommendations issued by the American Hospital Association in their groundbreaking June 10, 2003 Advisory Memo, which does not require hospitals to enact the recommended changes.**

1. Fair Pricing and Charges, and Discounted Care

- A. Institute fair pricing practices. Prohibit hospitals and other providers from charging and collecting more than the cost of services for medically necessary hospital-based services from uninsured patients whose income is less than 300% of the federal poverty level; and uninsured patients who spend 20% of their annual income on medical services.

- B. Make eligible for discounted care on a sliding scale basis uninsured patients with annual incomes between 300-400% of the federal poverty level. Use managed-care plan prices to determine sliding scale.
References: Healthcare Corporation of America's (HCA) pledge for discounted prices.
- C. Make eligible for discounted care on a sliding scale basis underinsured patients with annual incomes between 200-400% of the federal poverty level. Use managed-care plan prices to determine sliding scale.
- D. Allow individuals and families to qualify for charity care or discounted care on an annual basis, rather than making them apply each time a new charge or bill is incurred. If patients experience a change in their income or assets which may affect their eligibility for free or discounted care, they have the responsibility to report that change to the health care provider.
- E. Simplify and standardize application process for charity or discounted care.
- F. Place no time limit on charity care/discounted care application.
- G. Allow patients to qualify for up-front charity care or discounted care; not just after they have incurred the bill.

2. Provide Appropriate Information, Assistance, and Reasonable Repayment Options

- A. Require hospitals to include notification of free or discounted care programs in all bills and notices, and make such information available in written form in multiple languages appropriate to the community served by the hospital.
- B. Provide interpreter services for patients completing financial assistance forms or seeking to learn about affordable care options.
References: **AHA 6/10/03 Advisory Memo**
- C. Require hospitals and other health care providers to offer revised or extended payment terms for "charity" care patients, as well as for patients who do not qualify for "charity" care but are in need of financial help, in order to pay debts for hospital-based care.
- D. Require notifications to include information about qualifying income levels and household size
- E. Work with consumers to make reasonable payment agreements that are affordable to the consumer, and realistic.
References: **AHA 6/10/03 Advisory Memo**
- F. In determining payment schedule, take into account, among other factors, the amount of the charge and the income and financial assets available to the patient.
- G. Require hospitals and other health care providers to provide an easily-accessible appeals process for patients who wish to dispute income and assets assessments and payment plan requirements for hospital-based care medical bills.
- H. Provide all financial assistance forms and information about affordable care options in writing in various languages.
References: **AHA 6/10/03 Advisory Memo**

3. Cease Harmful Legal, Financial, Credit, and Collections Practices Against Patients

- A. Completely prohibit the use of body attachments/arrest for any medical debt collection cases.
- B. Prohibit hospitals and other providers from undertaking debt collection activities on hospital-based care expenses until an assessment is done to determine whether the patient meets the above eligibility requirements.
- C. Prohibit hospitals and other health care providers from filing collection lawsuits for hospital-based care against patients who are eligible for Medicaid or SSI, or who have “exempt” income.
- D. Prohibit hospitals and other health care providers from seeking wage garnishments, bank seizures, and property liens on primary residence for hospital-based care for patients who meet any of the above criteria.
- E. Prohibit hospitals and other health care providers from reporting “bad debt” to credit bureaus for hospital-based care for people whose income is below 400% of the federal poverty level.
- F. Prohibit the use of any collection effort that requires patients to compound hospital-based care debt by demanding payment by credit card or taking loans; prohibit the use of collection efforts that require patients to compromise basic living necessities, such as utilities, shelter, food, clothing, transportation, and prescription drugs in order to pay hospital-based care debt.
- G. Cease initiation of legal action for non-payment of debt against any patient who is unemployed or otherwise without significant income.
- H. Refrain from unnecessary legal action; do not compromise patients’ home-ownership, farm land, employment or savings, or capacity for self-sufficiency.
- I. Do not garnish wages of patients who demonstrate that they cannot pay their bills.
- J. Do not place liens against patients’ homes.
- K. Do not collect from consumers on medical bills that are in dispute between health plans or other insurance companies and the health care provider. During the dispute, hold patient responsible only for co-payments. Do not try to collect on amounts that exceed usual and customary charges.
References: California legislation, Assembly Bill 1628
- L. Notify patients immediately of insurance disputes.

4. Fairness and Respect

- A. Ensure that Patient Accounts Departments and collections agencies with whom health care providers contract also treat patients with fairness, dignity and respect and that they do not threaten, intimidate, coerce, or belittle patients.
References: AHA 6/10/03 Advisory Memo

- B. Make financial and collections policies public and available in written form in multiple languages. Materials should be written in an easily understandable way.

References: AHA 6/10/03 Advisory Memo

- C. Inform patients in all written materials about their right to be treated with fairness, dignity and respect, and the health care providers' and collection agencies' obligation not to engage in threatening, intimidating, coercive, or belittling behavior toward patients

5. Guarantee Access to Care

- A. Clinics should cease the practice of denying access to primary care to people because of outstanding hospital-based medical debt.
- B. Hospitals should ensure that patients have access to needed hospital-based as well as outpatient physician services, including those provided through clinics with whom the hospital contracts or to whose the doctors the hospital provides admission privileges.
- C. Notify patients in writing of guarantee of access to care.

6. Accountability and Transparency

- A. Provide understandable bills and descriptions of charges.
- B. Provide timely bills and explanations of accounts.
- C. Provide explanation of patients' rights regarding medical bills and affordable care options in writing with patients' bills, and in areas throughout the facility including waiting rooms.
- References: AHA 6/10/03 Advisory Memo**
- D. Enact legislation or reforms that provide communities and patients with more rights and recourse for challenging health care providers' non-profit tax-exempt charitable status based on their billing and collection practices.

A quick word about why we should expect for-profit hospitals and clinics to ensure access to care and to cease harmful debt collection practices: For-profit health care providers should also make commitments to provide community benefits and to cease harmful medical debt collection practices. The concept of requiring for-profit corporations to meet social obligations by providing necessary services has been used in other industries. For example, utility companies must serve all geographic areas, including unprofitable rural regions. Banks must make basic checking services available to all communities and reinvest assets into the communities in which they do business. Under the federal Community Reinvestment Act (CRA), every bank must demonstrate that it is taking steps to serve its community, not just its customers. We should expect the same of our health care providers because:

- Health care is a social good. The concept of “community benefits” applies this “social good” view to health care to non-emergency situations in an effort to improve community health as well as assure basic access to health care.
- For-profit providers should provide community benefits in order to be good “corporate citizens” of the community.