

PROFITING FROM THE POOR**What It Looks Like When a Hospital We Investigated Erases \$11.9 Million in Medical Debt**

After our investigation, Methodist Le Bonheur hospital system erased thousands of patients' medical debt. Many will no longer have to choose between those bills and their children or themselves. We want you to meet four of them.

by Wendi C. Thomas, MLK50, Dec. 24, 2019, 6 a.m. EST

This article was produced in partnership with MLK50, which is a member of the ProPublica Local Reporting Network.

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MEMPHIS, Tenn. — When Danielle Robinson got a letter in the mail from Methodist Le Bonheur Healthcare in October, she braced herself.

She'd missed a court-ordered payment to the hospital after she was laid off from her job in September.

In 2018, the massive nonprofit health care system sued her for just over \$11,500 in unpaid hospital bills, plus \$3,800 in attorney's fees. In April, a Shelby County General Sessions Court judge ordered her to pay \$150 per month toward the debt.

If she was lucky, the envelope contained only a warning. If she wasn't, it was another attempt to garnish her paycheck, even though she wasn't even getting one.

Nervously, she opened the letter. "As of August 1, 2019," it said, "your total amount due is \$0 for docket ROBINSON, and we have notified the court that this account has been paid in full."

"I had to read it a couple of times just to make sure," Robinson said. "I couldn't believe it. I went crying around the house."

Since July, the faith-based hospital system has erased at least \$11.9 million in debts owed by Robinson and thousands of others like her, according to an analysis of Shelby County General Sessions Court records.

Methodist's move was prompted by a June investigation by MLK50 and ProPublica into the hospital's aggressive debt collection practices. From 2014 through 2018, Methodist sued more than 8,300 people for unpaid hospital bills, including many people who were low-income. The hospital, the city's largest, garnished hundreds of workers' paychecks, including those of its own employees.

Less than a week after the investigation was published, the hospital's attorneys began dropping lawsuits from court dockets. By the end of July, the hospital had completed an internal review, pronounced itself "humbled," announced an overhaul of its policies and started to erase the debts.

The \$11.9 million figure was derived by reviewing the court's online payment records and notices Methodist filed in the months following the investigation informing the court that the balance on each case was zero.

The smallest balance owed was 2 cents. The highest was more than \$41,000, owed by a couple sued in 2011 for more than \$32,600, including attorney's fees and court costs. According to court records, the hospital bills were from Le Bonheur Children's Hospital, which is owned by Methodist.

The total is likely an undercount. In many cases, the hospital also wiped out the interest and attorney's fees from the balance owed, which was not reflected in the court records.

Methodist officials declined repeated requests to quantify the amount of debt erased but in a statement reiterated its policy reforms.

Among them: Methodist will no longer sue anyone, regardless of insurance status, whose household income is less than 250% of the federal poverty line, or \$53,325 for a family of three, a threshold that includes Robinson.

The Emotional Strain of Debt

Founded in 1918 by a rich Mississippi cotton plantation owner, Methodist operates five hospitals in Shelby County and recently announced it's buying two others.

Four of Methodist's current hospitals are in Memphis, where the population is two-thirds black.

More than 40% of workers earn less than \$15 an hour, according to a recent economic development study.

While 1 in 6 Americans had a medical debt on their credit report, that rises to 1 in 4 Tennesseans and nearly 1 in 3 African Americans, according to recent research.

“People fear medical debt more than they fear a medical crisis,” said Jenifer Bosco, a staff attorney at the National Consumer Law Center, a nonprofit focusing on consumer law for low-income and other disadvantaged people.

The psychological effects of debt, “including the fear of never being able to pay off debt and the stress of being contacted by collectors — lead to feelings of hopelessness, shame, and despair,” a review by the law center found. “Even the children of indebted adults show impaired socioemotional development.”

Of the hundreds of Methodist defendants a reporter observed in court this year, more than 90% were black women — including Robinson, a single mom whose career has been in sales.

At court in April, a judge accepted her motion to pay \$150 per month. On Robinson’s statement of assets and debts, she listed her monthly expenses as \$20 more than her monthly income, and her checking account balance as \$100. Her only creditor was Methodist.

“My only option I’m looking at is getting a second job,” Robinson said after the hearing, but she worried about leaving her then-12-year-old daughter alone at home in the evenings. “She is the driving force who has really kept me sane.”

Her too-small paycheck went from steady to unpredictable when her employer changed the compensation package to more commission, less salary.

By August, Robinson, 46, landed a job at a car dealership, where she expected to earn \$400 more per week. But five weeks after she started, her supervisor announced that her entire division was being laid off, effective immediately.

With no severance package, Robinson’s anxiety worsened. She applied for dozens of jobs, only to get no calls back. And her attempts to shield her daughter from her financial distress crumbled.

Unbeknownst to her, the seventh grader tried out for — and made — her middle school cheerleading team. The coach texted Robinson a link to order uniforms, shoes, ribbons and a special backpack. Robinson’s heart raced when she saw the prices.

“I just eventually had to tell her that I can’t do it,” Robinson said in an interview in October.

After she was laid off, her daughter came home from school in tears, worried about her mom’s job search. “I told her: ‘You can’t stress over that. That’s for me to stress over,’” Robinson said.

Then in October, the letter arrived. Robinson screamed so loud, her daughter came rushing from her bedroom to see what was wrong. She planned to frame it and hang it on her wall, as a reminder to hold on to hope even when the situation is bleak.

Three weeks ago, Robinson started a new job as a sales supervisor.

Grateful for a Healthy Child

Methodist's policy reforms don't expressly rule out future lawsuits for unpaid hospital bills, but for now, its debt machine seems to have ground to a halt.

Through the first six months of this year, Methodist filed more than 240 "case satisfied" notices. From July 3 to Monday, more than 5,300 were filed.

In a statement, the hospital said it had reduced or eliminated the "financial burden" for more than 7,500 people (some people had their debts reduced but not eliminated).

Among them was Tina Moore, who had health insurance, like all of the defendants in this story, when she took her son Pharaoh to Le Bonheur several times between 2010 and 2013. She's worked at Regional One Medical Center as a lab technician for more than a decade, but insurance didn't cover all the costs for her son's asthma and kidney problems.

In 2014, Methodist sued her for almost \$5,000, nearly \$1,500 of which was attorney's fees. At first, Moore, 40, faithfully paid \$50 per month as agreed. But sometimes she would fall behind and twice, Methodist garnished her paycheck.

In March, she filed a motion to stave off the latest garnishment attempt. "Couldn't make payments as promised," Moore wrote on an affidavit. "It was either paying the debt or my kids going hungry or me not being able to go to work or provide a home and transportation for them to school and me to work."

At an April court hearing, a judge agreed she could pay \$50 biweekly. But paying the hospital more meant she couldn't cover other expenses, including her son's follow-up doctor visits.



Tina Moore, left, and her son Pharaoh (Martha Park for ProPublica)

“Recently, Pharaoh had an appointment with the cardiologist and I didn’t have the money then for the copayment so I canceled the appointment,” she said at her home, days after the April court appearance.

What she can’t afford in medical care, she tries to make up with attention. She’s on alert for any signs that his health is in decline. “Hopefully nothing happens to him,” she said.

In late September, she went to the court’s online payment system on her phone, “but when I tried to make the payment, they said it was no payment due,” Moore said.

So she tried the next day from a work computer and got the same message. For several days, she tried to pay at home, on her phone and from work with no luck.

And then, the letter arrived. Methodist erased the more than \$2,400 still owed, and it sent her several checks for overpayment.

“It was like a weight lifted off me. I felt like I was able to breathe,” she said.

Her son, now 9 years old, is healthy, and Moore said she holds no ill will toward Methodist, which is legally required to screen and stabilize all patients who arrive in its emergency room, regardless of their ability to pay. “They were there for me when my son needed it,” she said. “They haven’t turned me away.”

Angry at a System That Profits From the Poor

Where Moore leans toward gratitude, Jytone Hussey is more annoyed. If she had a chance to talk to Methodist’s administrators, she’d give them an

earful.

“I think it’s embarrassing and that it’s sorry that they would sue the people who have the least amount of money,” said Hussey, who works for the City of Memphis. “Whose idea was that? Whose bright idea was that?”

Anger is a reasonable response to a system that wrings money from the poor, said Bosco of the National Consumer Law Center.

“Health care is a business,” Bosco said. “There are really good providers who take their mission as healing professionals really seriously and then there are, I think, entities like private debt collection companies that see it as an opportunity to make money, and often making money off the people who can least afford it,” she said.

As a child, Hussey’s daughter Jayla, now 20, had recurring ear infections and bouts with strep throat. Hussey was left with the portion of the hospital charges between 2014 and 2017 that her insurance didn’t cover.

In October 2018, Methodist sued her for more than \$1,200. In February, she filed a motion offering to pay \$25 per month, but a Shelby County General Sessions Court judge ordered her to pay \$75 per month.

“I had to let it go through my bank account, and it would put my account in the negative,” said Hussey, 47. “I have overdraft, but (the bank) will pay it and they’ll charge me a fee.”

Though Methodist hasn’t filed any lawsuits or garnishment attempts since July 3, the public scrutiny isn’t over.

The hospital, which reported \$2.1 billion in revenues on its 2018 tax filings, has caught the attention of Sen. Charles Grassley, R-Iowa, a longtime critic of nonprofit hospitals that abuse their tax-exempt status.

This month, Grassley sent a nine-page letter to Methodist asking the hospital to explain how it would execute the reforms promised. The deadline for Methodist’s response is Jan. 7.

When Hussey took her daughter to the hospital, she said she knew she wasn’t going to be able to afford the bills, but felt she didn’t have a choice.



Jytone Hussey (Martha Park for ProPublica)

“A parent is going to take care of their kid regardless,” she said. “That’s just what a parent is going to do.”

In early October, Hussey received a letter from the hospital. Her debt, which had climbed to nearly \$1,300 because of court costs, had been erased.

“It’s Not Like People Want to Be Sick”

Four visits to Methodist North between 2016 and 2018, including one for gallbladder surgery and another for chest pains, left Jency Gatewood with nearly \$7,800 in hospital bills.

She thought her insurance through her job at a downtown hotel covered the costs, but in November 2018, Methodist sued her for more than \$10,000, including attorney’s fees.

When Gatewood, 63, didn’t appear for her initial court date in January, Methodist won a default judgment against her. In April, the hospital began to garnish her paycheck, taking out just over \$200 every two weeks.

At the time, Gatewood shared a house at the north edge of the county with her daughter and her daughter’s children, paying for diapers when her daughter couldn’t afford them.

But then the roles reversed, and her daughter stretched her food stamps to cover her mom. “I had not planned on my daughter helping me to feed me for the next couple of months or so,” she said in an April interview.

“I’m one of those people, I kind of will just sit back,” Gatewood said. “If they’re garnishing my check I just don’t fight it. I guess it’s because I don’t know who to turn to.”

Not long after the garnishment began, her daughter moved out of their home. Instead of paying the rent herself, Gatewood moved to an apartment east of downtown, one which would cost less and be closer to her hotel job and her part-time job at Kroger, where she makes about \$9.50 an hour.

Still, she was barely getting by. “There have been many days I’ve gone practically hungry all day because I didn’t have the money,” she said.

The sun had yet to rise on Oct. 22 when Gatewood climbed in her car to head to work at the hotel. She was fiddling with the radio when she looked up to see a young man standing at her driver’s side window, pointing a gun at her.

He forced her out of the car and drove off. Police told her later that the suspect crashed her car into a dumpster. The responding officer sent her a



Jency Gatewood (Martha Park for ProPublica)

picture of her totaled 2005 Hyundai sedan that had been towed to the police impound lot.

That car would have been paid off in two and a half months; the 2010 Ford Fusion she bought in its place won't be paid off until late next year, or maybe early 2021. She's started seeing a psychologist to deal with her fear of leaving the house before dawn or after dark; her manager at the hotel is patient with her if she comes in a little late, after dawn.

Last month, Gatewood got a check in the mail from Shelby County General Sessions Court.

"I was afraid at first to even cash the thing," she said. "I walked around with it in my purse for a couple of days."

Eventually she mustered up the nerve to call the court. "I said: 'You all sent me a check for this amount of money, is it OK? What am I supposed to do with this?'"

The representative told her that it was a refund for the overpayment on her account. The hospital erased the debt before the garnishment stopped, so Gatewood got two payments back.

"I actually caught up on my utility bills and actually I had enough to go to the grocery store, so that helped," she said.

Still, Gatewood, who spends her days at a hotel front counter and many evenings scanning groceries, can't afford the \$60 topical cream her doctor prescribed for her arthritic knees, so she treats the pain with prescription pills that cost \$8 per month.

Gatewood said she never received a letter from Methodist saying that her balance was zero. A reporter told her that the hospital had marked her case satisfied, erasing the more than \$4,600 she still owed.

If she could talk to Methodist officials, she knows what she'd say.

"Look at people's finances," she said. "It's one thing when you can afford it, it's another when you can't."

"It's not like people want to be sick and be in the hospital, it's just a part of life."

How We Did It

MLK50 derived the figure of how much debt Methodist Le Bonheur Healthcare had erased by reviewing the Shelby County General Sessions Court's online payment records and the case satisfied notices Methodist filed in the months following the investigation.

To calculate the amount of debt Methodist erased, an MLK50 researcher downloaded the case satisfied notices filed between July 3 and Monday.

In September, MLK50 and ProPublica reported that Methodist had erased the debts owed by more than 6,500 patients it had sued for unpaid hospital bills. At the time, more than 2,300 case satisfied notices had been filed with the court between July 3 and Sept. 24 and a court administrator estimated a backlog of an additional 4,500 notices. When all the notices were processed, the actual number of notices was somewhat less than that, topping 5,300. In a statement, Methodist said that all told, it has reduced or eliminated the debts of 7,500.

Then, a team of researchers looked up each case in the court's payment records online database, which lists both the payments and charges made in each case. In Robinson's case, her payment record ends with this notation: Case Satisfied Per Attorney (\$15,348.37).

A similar final notation appeared in all but around 250 cases, which all showed a zero balance.

Court records do not indicate how much, if any, of this debt was discharged in bankruptcies, but it's likely that at least some of the \$11.9 million erased was uncollectible.

Data researcher Rebecca Davis and research assistants Jordan Parker, Ray Green, Jordon Douglas, Autumn Ragland, Marise Tuttle, Naomi Van Tol and Lindsey Wagner contributed to this report.