



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

**Testimony to the House Health and Government Operations Committee
HB 328 – Hospitals – Financial Assistance Policies – Revisions
Position: Favorable**

The Honorable Joseline Pena-Melnyk
House Health and Government Operations Committee
251 Lowe House Office Building
Annapolis, MD 21401
cc: Members, House Health and Government Operations Committee

Feb. 14, 2024

Honorable Chair Pena-Melnyk and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to protect consumers and secure safety, transparency, and fair treatment for Maryland drivers and car buyers.

We strongly support **HB 328** because it will expand and rationalize access to charitable and reduced-cost care for many lower-income Marylanders – by eliminating the often unfair and inconsistent asset and geographic tests some hospitals are using to limit access to this care.

Maryland does mandate that hospitals provide free and reduced-cost for many low-income and lower-middle income patients – and bases hospital payments on that expectation. Indeed, in recent years the state has taken important steps to clarify that obligation, secure access to care, and prevent abuses of low-income patients through the Medical Debt Protection Act of 2021 and the Medical Bill Reimbursement Act of 2022. Unfortunately, this work is to some extent being undermined by the use of asset and geographic/mission service area tests to deny many patients the free or reduced-cost care their incomes would otherwise qualify them to receive.

Under current rules, Maryland not only allows hospitals to refuse patients' requests for charitable care if they fall outside their "mission and service area" or have assets are too valuable to qualify but gives hospitals considerable discretion about how to use these exclusions. Some hospitals use that discretion rather aggressively to deny access to charitable care (and others do not); this can and does lead to serious problems of access to care and fairness.

Hospitals are largely free to define the limits to their "mission and service area." As a result, one hospital may exclude low-income patients from the next town over or a few zip codes away from charitable care while another does not. But lower-income patients in need of care or struggling to pay their medical bills as they apply for charitable relief are unlikely to be aware of those different policies – and may well end up stuck with big bills or denied access to charitable care that another hospital would have more or less routinely provided.

At the same time, the guidelines state law sets for asset standards leave hospitals considerable discretion and do not offer health care consumers very much protection. The rules exclude rejecting charitable care, for instance, only for up to \$10,000 in monetary assets and \$150,000 in home



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equity. Those standards could easily mean that an older person with very modest income who managed to buy a house decades ago (when perhaps he or she was more prosperous) or someone who managed to buy a home or save some money years ago but has since lost his/her job or suffered other financial reversals – perhaps because of the same medical problem that caused huge medical bills they can't pay – could be denied access to free or reduced-cost care or to relief from unsustainable medical debt.

The dramatic disparities in the way hospitals use these asset and service area tests are obvious given the vastly different charitable care denial rates we see from different hospitals. Data from 2017-18 shows that while some hospitals granted nearly all requests for such care, others (including Johns Hopkins Hospital and the Johns Hopkins Bayview Medical Center) said no to more than 45% of requests for charitable care. Calvert Memorial and Howard County General Hospital refused more than 50% of requests.¹

These high denial rates really aren't fair to lower-income patients who happen to live near (but perhaps not quite near enough to fall into their "service area") or seek care from some of those hospitals – and may know nothing about hospitals' disparate policies on charitable care or in any event have limited ability to travel to seek care at other medical centers. They run contrary to the state's effort to protect access to care and prevent Marylanders from getting stuck with medical debts that they will struggle to pay and will cause further hardship.

Lower-income patients shouldn't be denied access to charitable care just because they fall outside some arbitrarily defined service area or managed to achieve some financial stability by at some point buying a home or accruing some modest savings. By preventing hospitals from using the discretion state law now gives them to justify such denials, **HB 328** expands their access to care and their protection against devastating medical debts.

We strongly support HB 328 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

¹ file:///C:/Users/Franz%20S/Downloads/EMD%20Tests%20Fact%20Sheet%20(2).pdf