



Testimony to the House Health & Government Operations Committee  
HB328 Hospitals-Financial Assistance Policies-Revisions  
**Position: Favorable**

February 14, 2024

The Honorable Joseline Pena-Melnyk, Chair  
Health & Government Operations Committee  
Room 241, HOB  
Annapolis, MD 21401  
cc: Members, Health & Government Operations Committee

Honorable Chair Pena-Melnyk and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in strong support of HB328 which builds on this committee's important work over the past few years of expanding health care access for working families and reducing medical debt. HB328 eliminates barriers for low-income households to receive free or low-cost care from hospitals and in so doing expands access to affordable health care and reduces medical debt.

All Maryland hospitals are nonprofit and are required to provide free and reduced cost care as a condition of their tax-exempt status. Maryland also has a global-budgeting policy that sets rates and provides hospitals with funds for charity care each year based on last year's expenses.

Despite this, even if a patient is income-eligible for free or reduced-cost care, hospitals can still deny a patient's application for financial assistance if the patient fails either 1) an asset or 2) a service/geography test.

**Asset tests** allow hospitals to consider a household's monetary assets in addition to income eligibility. The hospital may determine that an individual is income-eligible but has assets that allow the hospital to reject the application for free or reduced cost care.

Maryland law currently prevents hospitals from considering certain assets such as retirement savings, 529 college savings accounts, one car, and \$10,000 in savings and up to \$150,000 in equity in a primary residence.

**Service/geography tests** -allow hospitals to deny free or reduced cost care to income-eligible patients outside of the hospital's service area.

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## **HB328 removes the use of asset and service tests from hospital financial assistance policies.**

**Expands Healthcare.** Everyone who qualifies for free or reduced-cost care should receive it, without exceptions. The General Assembly passed legislation HB1420 in 2020 to raise the thresholds of those who qualified for free and low-cost care. HB328 ensures that those families will receive that care without exception.

**Creates Fairness in the System.** 27 hospitals of 47 Maryland hospitals use an asset or service area test. The asset tests and service area tests are not uniform—they are different and unique to each hospital. This means that a patient who qualifies by income may get free care at hospital A but charged for care at hospital B because they failed one of the tests.

Patients are unaware that these tests exist so are unable to choose hospitals that don't administer them. Of course, very often hospital visits happen due to emergencies and patients have no choice where they are taken.

Elimination of these tests creates clarity, consistency, and uniformity across all of Maryland's 47 hospitals. If an income-eligible patient becomes ill at Hospital A, they will qualify for assistance, just as they will at Hospital B.

### **Reduces Hospital Administrative Burden**

Many hospitals already struggle with administering their financial assistance programs as evidenced by their low rates of charity care. Eliminating the use of asset and geographic tests and the accompanying paperwork and verification will ease the administrative burden on hospital staff.

Consequently, it should be easier for hospitals to approve more applications and rates for charity care use and denial rates should become more rational.

### **The Tests Are Not Needed**

Twenty Maryland hospitals do not use either an asset or geography test in order to qualify applicants for free or reduced cost care. So it is not clear what purpose these tests serve since the costs of this care is already included in a hospital's global budget.

HB328 will expand health care, ensure everyone who qualifies for care receives it without exception, and inject fairness, consistency, and clarity throughout our Maryland hospital system.

For all these reasons, we support HB328 and urge a favorable report.

Best,

Marceline White  
Executive Director

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