

HOUSE BILL 1069

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By: **Delegate Hammen**

Introduced and read first time: February 13, 2009

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Services Cost Review Commission – Financial Assistance and Debt**
3 **Collection Policies**

4 FOR the purpose of requiring each hospital in the State to develop a financial
5 assistance policy for providing free care and reduced–cost care to certain
6 patients; requiring a hospital to post a certain notice in its billing office;
7 requiring each hospital to develop an information sheet that meets certain
8 requirements; requiring the Health Services Cost Review Commission to
9 establish uniform requirements for the information sheet and review each
10 hospital’s implementation of and compliance with certain requirements;
11 requiring each hospital to ensure the availability of staff with certain training;
12 altering requirements for each hospital’s submission of a policy on debt
13 collection; requiring the policy to meet certain requirements; requiring the
14 Commission to review each hospital’s implementation of and compliance with
15 the policy and requirements; authorizing the Commission to impose a certain
16 fine under certain circumstances and to consider certain items before imposing
17 a fine; altering the requirements for regulations establishing alternative
18 methods for financing certain costs of care; requiring the Commission to
19 establish a workgroup on patient financial assistance and debt collection for a
20 certain purpose; requiring the workgroup to report certain findings and
21 recommendations on or before a certain date; requiring the Commission to
22 study, make recommendations, and report on incentives for hospitals to provide
23 free and reduced–cost care to certain patients; requiring the Office of the
24 Attorney General, in consultation with certain entities and persons, to study,
25 make recommendations, and report on the use of liens and the legal rate of
26 interest on judgments for certain hospital bills; and generally relating to the
27 Health Services Cost Review Commission and hospital financial assistance and
28 debt collection policies.

29 BY repealing and reenacting, with amendments,
30 Article – Health – General

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 19–214(b) and 19–214.1
2 Annotated Code of Maryland
3 (2005 Replacement Volume and 2008 Supplement)

4 BY adding to
5 Article – Health – General
6 Section 19–214.2 and 19–214.3
7 Annotated Code of Maryland
8 (2005 Replacement Volume and 2008 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
10 MARYLAND, That the Laws of Maryland read as follows:

11 **Article – Health – General**

12 19–214.

13 (b) The Commission may adopt regulations establishing alternative methods
14 for financing the reasonable total costs of hospital uncompensated care provided that
15 the alternative methods:

16 (1) Are in the public interest;

17 (2) Will equitably distribute the reasonable costs of uncompensated
18 care;

19 (3) Will fairly determine the cost of reasonable uncompensated care
20 included in hospital rates;

21 (4) Will continue incentives for hospitals to adopt **FAIR**, efficient, and
22 effective credit and collection policies; and

23 (5) Will not result in significantly increasing costs to Medicare or the
24 loss of Maryland’s Medicare Waiver under § 1814(b) of the Social Security Act.

25 19–214.1.

26 (a) Each hospital in the State shall develop a financial assistance policy for
27 providing [free and reduced–cost care to low–income] **TO** patients who lack health care
28 coverage **OR WHOSE HEALTH CARE COVERAGE DOES NOT PAY THE FULL COST OF**
29 **THE HOSPITAL BILL:**

30 (1) **FREE MEDICALLY NECESSARY CARE TO PATIENTS WITH**
31 **FAMILY INCOME AT OR BELOW 150% OF THE FEDERAL POVERTY LEVEL; AND**

32 (2) **REDUCED–COST MEDICALLY NECESSARY CARE TO**
33 **LOW–INCOME PATIENTS WITH FAMILY INCOME ABOVE 150% OF THE FEDERAL**

1 **POVERTY LEVEL, IN ACCORDANCE WITH THE MISSION AND SERVICE AREA OF**
2 **THE HOSPITAL.**

3 (b) A hospital shall post a notice in conspicuous places throughout the
4 hospital, **INCLUDING THE BILLING OFFICE**, describing the financial assistance policy
5 and how to apply for free and reduced-cost care.

6 (c) The Commission shall:

7 (1) Develop a uniform financial assistance application; and

8 (2) Require each hospital to use the uniform financial assistance
9 application to determine eligibility for free and reduced-cost care under the hospital's
10 financial assistance policy.

11 (d) The uniform financial assistance application:

12 (1) Shall be written in simplified language; and

13 (2) May not require documentation that presents an undue barrier to
14 a patient's receipt of financial assistance.

15 (e) **(1)** Each hospital shall [establish a mechanism to provide the uniform
16 financial assistance application to patients who do not indicate public or private
17 health care coverage] **DEVELOP AN INFORMATION SHEET THAT:**

18 **(I) DESCRIBES THE HOSPITAL'S FINANCIAL ASSISTANCE**
19 **POLICY;**

20 **(II) DESCRIBES A PATIENT'S RIGHTS AND OBLIGATIONS**
21 **WITH REGARD TO HOSPITAL BILLING AND COLLECTION UNDER THE LAW;**

22 **(III) PROVIDES CONTACT INFORMATION FOR THE**
23 **INDIVIDUAL OR OFFICE AT THE HOSPITAL THAT IS AVAILABLE TO ASSIST THE**
24 **PATIENT, THE PATIENT'S FAMILY, OR THE PATIENT'S AUTHORIZED**
25 **REPRESENTATIVE IN ORDER TO UNDERSTAND:**

26 **1. THE PATIENT'S HOSPITAL BILL;**

27 **2. THE PATIENT'S RIGHTS AND OBLIGATIONS WITH**
28 **REGARD TO THE HOSPITAL BILL;**

29 **3. HOW TO APPLY FOR FREE AND REDUCED-COST**
30 **CARE; AND**

1 **4. HOW TO APPLY FOR THE MARYLAND MEDICAL**
2 **ASSISTANCE PROGRAM AND ANY OTHER PROGRAMS THAT MAY HELP PAY THE**
3 **BILL;**

4 **(IV) PROVIDES CONTACT INFORMATION FOR THE**
5 **MARYLAND MEDICAL ASSISTANCE PROGRAM; AND**

6 **(V) INCLUDES A STATEMENT THAT PHYSICIAN CHARGES**
7 **ARE NOT INCLUDED IN THE HOSPITAL BILL AND ARE BILLED SEPARATELY.**

8 **(2) THE INFORMATION SHEET SHALL BE PROVIDED TO THE**
9 **PATIENT, THE PATIENT'S FAMILY, OR THE PATIENT'S AUTHORIZED**
10 **REPRESENTATIVE:**

11 **(I) BEFORE DISCHARGE;**

12 **(II) WITH THE HOSPITAL BILL; AND**

13 **(III) ON REQUEST.**

14 **(3) THE HOSPITAL BILL SHALL INCLUDE A REFERENCE TO THE**
15 **INFORMATION SHEET.**

16 **(4) THE COMMISSION SHALL:**

17 **(I) ESTABLISH UNIFORM REQUIREMENTS FOR THE**
18 **INFORMATION SHEET; AND**

19 **(II) REVIEW EACH HOSPITAL'S IMPLEMENTATION OF AND**
20 **COMPLIANCE WITH THE REQUIREMENTS OF THIS SUBSECTION.**

21 [(f) (1) Each hospital shall submit to the Commission the hospital's policy
22 on the collection of debts owed by patients who qualify for reduced-cost care under the
23 hospital's financial assistance policy.

24 (2) On or before July 1, 2006, the Commission shall report, in
25 accordance with § 2-1246 of the State Government Article, to the House Health and
26 Government Operations Committee and the Senate Finance Committee on the details
27 of the policies submitted to the Commission under paragraph (1) of this subsection.]

28 **(F) EACH HOSPITAL SHALL ENSURE THE AVAILABILITY OF STAFF WHO**
29 **ARE TRAINED TO WORK WITH THE PATIENT, THE PATIENT'S FAMILY, AND THE**
30 **PATIENT'S AUTHORIZED REPRESENTATIVE IN ORDER TO UNDERSTAND:**

- 1 **(1) THE PATIENT'S HOSPITAL BILL;**
- 2 **(2) THE PATIENT'S RIGHTS AND OBLIGATIONS WITH REGARD TO**
3 **THE HOSPITAL BILL;**
- 4 **(3) HOW TO APPLY FOR THE MARYLAND MEDICAL ASSISTANCE**
5 **PROGRAM AND ANY OTHER PROGRAMS THAT MAY HELP PAY THE HOSPITAL**
6 **BILL; AND**
- 7 **(4) HOW TO CONTACT THE HOSPITAL FOR ADDITIONAL**
8 **ASSISTANCE.**
- 9 **19-214.2.**

10 **(A) EACH HOSPITAL SHALL SUBMIT TO THE COMMISSION, AT TIMES**
11 **PRESCRIBED BY THE COMMISSION, THE HOSPITAL'S POLICY ON THE**
12 **COLLECTION OF DEBTS OWED BY PATIENTS.**

13 **(B) THE POLICY SHALL:**

14 **(1) PROVIDE FOR ACTIVE OVERSIGHT BY THE HOSPITAL OF ANY**
15 **CONTRACT FOR COLLECTION OF DEBTS ON BEHALF OF THE HOSPITAL;**

16 **(2) PROHIBIT THE HOSPITAL FROM SELLING ANY DEBT;**

17 **(3) PROHIBIT THE HOSPITAL FROM PLACING A LIEN ON A**
18 **PRIMARY RESIDENCE;**

19 **(4) PROHIBIT THE CHARGING OF INTEREST ON OVERDUE BILLS**
20 **BEFORE A COURT JUDGMENT IS OBTAINED;**

21 **(5) DESCRIBE IN DETAIL THE CONSIDERATION BY THE HOSPITAL**
22 **OF PATIENT INCOME, ASSETS, AND OTHER CRITERIA;**

23 **(6) DESCRIBE THE HOSPITAL'S PROCEDURES FOR COLLECTING A**
24 **DEBT; AND**

25 **(7) DESCRIBE THE CIRCUMSTANCES IN WHICH THE HOSPITAL**
26 **WILL SEEK A JUDGMENT AGAINST A PATIENT.**

27 **(C) THE COMMISSION SHALL REVIEW EACH HOSPITAL'S**
28 **IMPLEMENTATION OF AND COMPLIANCE WITH THE HOSPITAL'S POLICY AND THE**
29 **REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION.**

1 **19-214.3.**

2 (A) IF A HOSPITAL KNOWINGLY VIOLATES ANY PROVISION OF §
3 **19-214.1 OR § 19-214.2 OF THIS SUBTITLE OR ANY REGULATION ADOPTED**
4 **UNDER THIS SUBTITLE, THE COMMISSION MAY IMPOSE A FINE NOT TO EXCEED**
5 **\$50,000 PER VIOLATION.**

6 (B) BEFORE IMPOSING A FINE, THE COMMISSION SHALL CONSIDER THE
7 APPROPRIATENESS OF THE FINE IN RELATION TO THE SEVERITY OF THE
8 VIOLATION.

9 SECTION 2. AND BE IT FURTHER ENACTED, That:

10 (a) The Health Services Cost Review Commission shall establish a
11 workgroup on patient financial assistance and debt collection. The workgroup shall
12 review the need for uniform policies among hospitals relating to patient financial
13 assistance and debt collection and shall consider the following elements for inclusion
14 in any uniform policies:

15 (1) income thresholds and any special treatment of disability and
16 pension income;

17 (2) asset thresholds and treatment of various types of assets;

18 (3) collection procedures;

19 (4) establishment of guardianship;

20 (5) use of judgments to collect debts; and

21 (6) patient education and outreach to inform patients of the
22 availability of financial assistance with their bills.

23 (b) The workgroup shall report its findings and recommendations, including
24 recommendations for legislation, to the Governor and, in accordance with § 2-1246 of
25 the State Government Article, the General Assembly on or before October 1, 2009.

26 SECTION 3. AND BE IT FURTHER ENACTED, That:

27 (a) The Health Services Cost Review Commission shall study and make
28 recommendations on incentives for hospitals to provide free and reduced-cost care to
29 patients without the means to pay their hospital bills.

30 (b) The Commission shall report its findings and recommendations to the
31 Governor and, in accordance with § 2-1246 of the State Government Article, the
32 General Assembly on or before October 1, 2009.

1 SECTION 4. AND BE IT FURTHER ENACTED, That:

2 (a) The Office of the Attorney General, in consultation with the American
3 Bar Association, Legal Aid, the University of Maryland Law School, and other
4 interested persons, shall study and make recommendations on the use of liens and the
5 legal rate of interest on a judgment for a hospital bill of a patient without health
6 insurance. The study shall take into account the use of liens and the legal rate of
7 interest on other types of debt.

8 (b) The Judiciary shall report its findings and recommendations to the
9 Governor and, in accordance with § 2-1246 of the State Government Article, the
10 General Assembly on or before October 1, 2009.

11 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 June 1, 2009.