

SENATE BILL 776

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By: **Senator Della**

Introduced and read first time: February 6, 2009

Assigned to: Finance

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 Judiciary to study,
24 make recommendations, and report on the legal rate of interest on a judgment
25 for a certain hospital bill; and generally relating to the Health Services Cost
26 Review Commission and hospital financial assistance and debt collection
27 policies.

28 BY repealing and reenacting, with amendments,
29 Article – Health – General
30 Section 19–214(b) and 19–214.1

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland
(2005 Replacement Volume and 2008 Supplement)

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

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

Article – Health – General

19–214.

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

(1) Are in the public interest;

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

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

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

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

19–214.1.

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

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

(2) **REDUCED–COST CARE TO LOW–INCOME PATIENTS WITH FAMILY INCOME ABOVE 150% OF THE FEDERAL POVERTY LEVEL, IN ACCORDANCE WITH THE MISSION AND SERVICE AREA OF THE HOSPITAL.**

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

(c) The Commission shall:

(1) Develop a uniform financial assistance application; and

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

(d) The uniform financial assistance application:

(1) Shall be written in simplified language; and

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

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

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

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

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

1. THE PATIENT'S HOSPITAL BILL;

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

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

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

**(IV) PROVIDES CONTACT INFORMATION FOR THE
MARYLAND MEDICAL ASSISTANCE PROGRAM.**

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

(I) AT THE TIME THE PATIENT SUBMITS INFORMATION TO THE HOSPITAL REGARDING FINANCIAL RESPONSIBILITY FOR CARE THAT IS PROVIDED BY THE HOSPITAL;

(II) WITH THE HOSPITAL BILL; AND

(III) ON REQUEST.

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

(4) THE COMMISSION SHALL:

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

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

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

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

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

(1) THE PATIENT'S HOSPITAL BILL;

1 (2) THE PATIENT'S RIGHTS AND OBLIGATIONS WITH REGARD TO
2 THE HOSPITAL BILL;

3 (3) HOW TO APPLY FOR THE MARYLAND MEDICAL ASSISTANCE
4 PROGRAM AND ANY OTHER PROGRAMS THAT MAY HELP PAY THE HOSPITAL
5 BILL; AND

6 (4) HOW TO CONTACT THE HOSPITAL FOR ADDITIONAL
7 ASSISTANCE.

8 **19-214.2.**

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

12 (B) THE POLICY SHALL:

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

15 (2) PROVIDE THAT THE HOSPITAL NOT SELL ANY DEBT;

16 (3) PROVIDE THAT THE HOSPITAL NOT PLACE A LIEN ON A
17 PRIMARY RESIDENCE;

18 (4) PROVIDE THAT ANY RATE OF INTEREST PLACED ON A DEBT
19 COMPLY WITH LIMITATIONS IMPOSED BY THE COMMISSION IN REGULATION;

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

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

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

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

29 **19-214.3.**

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

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

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

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

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

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

17 (3) collection procedures;

18 (4) establishment of guardianship;

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

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

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

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

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

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

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

1 (a) The Judiciary shall study and make recommendations on the legal rate of
2 interest on a judgment for a hospital bill of a patient without health insurance.

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

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