

CHAPTER 311

(House Bill 1069)

AN ACT concerning

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

FOR the purpose of requiring ~~each hospital~~ the Health Services Cost Review Commission to require certain hospitals in the State to develop a financial assistance policy for providing free care and reduced-cost care to certain patients; requiring a hospital to post a certain notice in its billing office; requiring each hospital to develop an information sheet that meets certain requirements; requiring the ~~Health Services Cost Review~~ Commission to establish uniform requirements for the information sheet and review each hospital's implementation of and compliance with certain requirements; requiring each hospital to ensure the availability of staff with certain training; altering requirements for each hospital's submission of a policy on debt collection; requiring the policy to meet certain requirements; requiring the Commission to review each hospital's implementation of and compliance with the policy and requirements; authorizing the Commission to impose a certain fine under certain circumstances and to consider certain items before imposing a fine; altering the requirements for regulations establishing alternative methods for financing certain costs of care; requiring the Commission to establish a workgroup on patient financial assistance and debt collection for ~~a certain purpose~~ certain purposes; requiring the workgroup to report certain findings and recommendations on or before a certain date; requiring the Commission to study, make recommendations, and report on incentives for hospitals to provide free and reduced-cost care to certain patients; ~~requiring the Office of the Attorney General, in consultation with certain entities and persons, to study, make recommendations, and report on the use of liens and the legal rate of interest on judgments for certain hospital bills;~~ and generally relating to the Health Services Cost Review Commission and hospital financial assistance and debt collection policies.

BY repealing and reenacting, with amendments,
Article – Health – General
Section 19–214(b) and 19–214.1
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;~~

(A) (1) THE COMMISSION SHALL REQUIRE EACH ACUTE CARE HOSPITAL IN THE STATE TO DEVELOP A FINANCIAL ASSISTANCE POLICY FOR PROVIDING FREE AND REDUCED-COST CARE TO PATIENTS WHO LACK HEALTH CARE COVERAGE OR WHOSE HEALTH CARE COVERAGE DOES NOT PAY THE FULL COST OF THE HOSPITAL BILL.

(2) THE FINANCIAL ASSISTANCE POLICY SHALL PROVIDE, AT A MINIMUM:

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

~~(2)~~ **(II) REDUCED-COST MEDICALLY NECESSARY 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.**

(3) (I) THE COMMISSION BY REGULATION MAY ESTABLISH INCOME THRESHOLDS HIGHER THAN THOSE UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(II) IN ESTABLISHING INCOME THRESHOLDS THAT ARE HIGHER THAN THOSE UNDER PARAGRAPH (2) OF THIS SUBSECTION FOR A HOSPITAL, THE COMMISSION SHALL TAKE INTO ACCOUNT:

- 1. THE PATIENT MIX OF THE HOSPITAL;**
- 2. THE FINANCIAL CONDITION OF THE HOSPITAL;**
- 3. THE LEVEL OF BAD DEBT EXPERIENCED BY THE HOSPITAL; AND**
- 4. THE AMOUNT OF CHARITY CARE PROVIDED BY 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;

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

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

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

(I) BEFORE DISCHARGE;

(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;

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

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

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

19-214.2.

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

(B) THE POLICY SHALL:

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

(2) PROHIBIT THE HOSPITAL FROM SELLING ANY DEBT;

~~(3) PROHIBIT THE HOSPITAL FROM PLACING A LIEN ON A PRIMARY RESIDENCE;~~

~~(4)~~ (3) PROHIBIT THE CHARGING OF INTEREST ON ~~OVERDUE BILLS~~ BILLS INCURRED BY SELF-PAY PATIENTS BEFORE A COURT JUDGMENT IS OBTAINED;

~~(5)~~ (4) DESCRIBE IN DETAIL THE CONSIDERATION BY THE HOSPITAL OF PATIENT INCOME, ASSETS, AND OTHER CRITERIA;

~~(6)~~ (5) DESCRIBE THE HOSPITAL'S PROCEDURES FOR COLLECTING A DEBT; AND

~~(7)~~ (6) DESCRIBE THE CIRCUMSTANCES IN WHICH THE HOSPITAL WILL SEEK A JUDGMENT AGAINST A PATIENT.

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

19-214.3.

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

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

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The Health Services Cost Review Commission shall establish a workgroup on patient financial assistance and debt collection. The workgroup shall review:

(1) the need for uniform policies among hospitals relating to patient financial assistance and debt ~~collection and shall consider the following elements for inclusion in~~ collection, including as elements within any uniform policies:

- ~~(1)~~ (i) income thresholds and any special treatment of disability and pension income;
- ~~(2)~~ (ii) asset thresholds and treatment of various types of assets;
- ~~(3)~~ (iii) use of liens to enforce collection of a debt;
- ~~(3)~~ (iv) collection procedures;
- ~~(4)~~ (v) establishment of guardianship;
- ~~(5)~~ (vi) use of judgments to collect debts; and
- ~~(6)~~ (vii) patient education and outreach to inform patients of the availability of financial assistance with their bills;

(2) the desirability of applying any uniform policies to private psychiatric and chronic care hospitals; and

(3) the desirability of altering the legal rate of interest on a judgment to collect a hospital debt.

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

SECTION 3. AND BE IT FURTHER ENACTED, That:

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

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

SECTION 4. AND BE IT FURTHER ENACTED, That:

~~(a) The Office of the Attorney General, in consultation with the American Bar Association, Legal Aid, the University of Maryland Law School, and other interested persons, shall study and make recommendations on the use of liens and the legal rate of interest on a judgment for a hospital bill of a patient without health~~

~~insurance. The study shall take into account the use of liens and the legal rate of interest on other types of debt.~~

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

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

Approved by the Governor, May 7, 2009.