

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1204 (Delegate Nathan-Pulliam, *et al.*)
Health and Government Operations

Hospitals - Financial Assistance Policy and Financial Assistance Application -
Notices

This bill requires each hospital to provide certain notice to patients about the hospital's financial assistance policy.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: None. The bill pertains exclusively to private-sector activities.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Each hospital must provide every patient with a written notice that contains information about the hospital's financial assistance policy and the availability of the financial assistance application. A hospital must post a notice in the emergency department, billing office, admissions office, and outpatient departments describing the financial assistance policy and how to apply for free and reduced-cost care.

The notice must include information about eligibility for financial assistance and how to obtain further information about the financial assistance policy and financial assistance application. The notice must be made available in English, Spanish, and other languages common in the hospital service area.

Current Law: Each hospital is required to have a financial assistance policy for providing free and reduced-cost care to low-income patients who lack health insurance. A hospital must post a notice in conspicuous places throughout the hospital describing the financial assistance policy and how to apply for free and reduced-cost care.

The Health Services Cost Review Commission (HSCRC) must develop a uniform financial assistance application and require use of the application by each hospital. This application must be written in simplified language and may not require documentation that presents an undue barrier to a patient's receipt of financial assistance. Each hospital must establish a mechanism to provide the application to uninsured or self-pay patients.

Background: Every hospital in Maryland offers financial assistance to patients with limited means. In 2008, hospitals provided more than \$260 million in charity care for those who met hospital guidelines and another \$600 million in free and reduced-price care for those who could not or would not pay their hospital bills.

In February 2009, HSCRC released a report on credit collection practices of Maryland acute general hospitals in response to a request from the Governor to evaluate these issues. HSCRC found that hospitals in the State are, for the most part, adhering to voluntary standards for financial assistance. However, the State lacks any standards for credit and collection activities, and hospitals' articulated policies are ambiguous and varied. Hospital oversight of third-party collection agencies may not be rigorous enough to prevent unintended hardship for self-pay patients. Furthermore, other states have taken regulatory and legislative steps to promote more socially conscious behavior on the part of their hospitals. Based on these findings, the HSCRC report includes such recommendations as:

- revision of current financial assistance eligibility standards to provide free care to residents below 200% of the federal poverty guidelines;
- improved communication and notification standards, including written notice;
- prohibition of interest and penalties on all bills to uninsured patients prior to judgment, including third-party collection agencies; and
- establishment of a Credit and Collection Work Group to develop best practice standards for hospital collection policies and activities.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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