



HB 1420 / SB 875: Financial Assistance Policies Fact Sheet

Background:

Medical debt is a major problem for Maryland residents, especially those from low-income households and among non-white communities. 15% of Maryland residents report having medical debt, while 21% of those in non-white communities report owing medical debts.¹

Medical debt also poses a significant problem to those who are medically uninsured and underinsured. As of 2018, 8.5% of Americans are uninsured, while 45% of adults report being underinsured.² Even those who are insured can find unrealistically high insurance premiums for medical care; in many cases, these premiums can make up 11% of these individuals' incomes.³

Hospital care is a major driver of healthcare costs and medical debt in Maryland. An average hospital stay lasts four days and costs, on average, \$14,200. In fact, hospital care makes up 37% of health care services in Maryland, the highest percentage of all health care costs.⁴

Problem:

Maryland currently allows hospitals to set their own policies for providing charity care and some leeway in the threshold for free care eligibility. Meanwhile, many other states have passed legislation clearly outlining standards for free and reduced-cost medical care for hospitals of any kind. States like Rhode Island, New Jersey, Maine, New York, Connecticut, California, and Nevada have strict financial assistance regulations for low-income consumers. These policies are specific and inclusive, mandating the provision of charity care by all or most hospitals.⁵ These states have also set standards for promotion and education, as well as the processes and documentation required to apply for and receive charity care.

Charity care provided by Maryland hospitals has plummeted by 36%, or \$168 million, from 2009 to 2018. Over the past five years alone, charity care provided by Maryland hospitals has declined 36%, totaling only \$300 million in 2018, while these hospitals received \$147 billion in revenue and \$5.68 billion in profits.⁶ In Maryland, the state provides a great deal of assistance to hospitals, meant to help them cover

¹ [NCLC, Maryland Debt Collection Fact Sheet](#)

² [NCLC, An Ounce of Prevention: A Review of Hospital Financial Assistance Policies in the States](#)

³ [The Commonwealth Fund, 2019 Scorecard on State Health System Performance](#)

⁴ [MHCC, Health Care Costs in Maryland](#)

⁵ [NCLC, An Ounce of Prevention: A Review of Hospital Financial Assistance Policies in the States](#)

⁶ [NNU, Preying On Patients: Maryland's Not-for-Profit Hospitals and Medical Debt Lawsuits](#)



the costs of charity care. When hospitals fail to actually provide charity care, they profit while low-income Marylanders suffer.

Solution:

The National Consumer Law Center has put forth recommendations for states to implement specific policies regarding free and reduced-cost medical care applicable to all hospitals.⁷ Following these standards, **HB 1420 / SB 875** will increase (1) protections, (2) transparency, and (3) the percentage of patients qualifying for charity care.

1. Questions about or verification of citizenship to access free or reduced-cost care would be prohibited
2. The process of documenting eligibility for free and reduced-cost care would be simplified. Posting and notice of availability of free or reduced-cost care would be expanded.
3. The eligibility threshold for free care would increase from 150% to 300% of the federal poverty guidelines. The eligibility threshold for reduced cost care would increase from 500% to 600% of the federal poverty guidelines.

Benefits of Expanding Financial Assistance Policies at Charity Care Hospitals:

The passage of **HB 1420 / SB 875** would bring Maryland up to the level of the numerous other states that are doing a better job of protecting their residents from medical debt. Many Marylanders are being forced into poverty due to medical debt. Individuals and households can have their homes, automobiles, and wages garnished for the purposes of paying off medical debts.

By supporting **HB 1420 / SB 875** and expanding awareness of and access to free and reduced-cost medical care, thousands of Marylanders would be able to avoid accumulating poverty-inducing medical debts.

⁷ [NCLC, An Ounce of Prevention: A Review of Hospital Financial Assistance Policies in the States](#)