



As Maryland hospitals continue to sue patients, state lawmakers call for ‘guardrails’

By **Meredith Cohn** Feb 28, 2020 | 5:00 AM

Maryland hospitals sued their patients over unpaid bills more than 145,700 times in the 10 years that ended in 2018, leading to wage garnishments, liens and bankruptcies, according to a new report from a coalition of consumer groups and unions.

Such lawsuits aren’t new, but medical debt is getting more attention in the state and around the nation, especially as election-year presidential candidates debate how to help Americans struggling to pay for health care.

The report’s authors include the Maryland Consumer Rights Coalition, the AFL-CIO and National Nurses United. They are backing a set of bills in the Maryland General Assembly to better protect consumers. A rally and legislative hearing are scheduled for Friday.

“There are people who don’t pay, but then there are people who have no ability to pay,” said Del. Robbyn Lewis, a Baltimore Democrat who was moved to introduce legislation after reading about hospital lawsuits. “You cannot drive them into homelessness for a \$150 hospital bill. It’s unconscionable and immoral, and it’s a system failure.”

Lewis and other lawmakers said the bills add “guardrails” to the system, rather than eliminate hospitals’ ability to collect from patients, which hospitals contend they don’t do often and do only as a last resort.

Lewis’ bill would require hospitals to take more steps to ensure eligible patients get assistance before a lawsuit is filed and potentially allow hospitals to charge all patients more under the state’s strict rate-setting system to cover additional charity cases. It’s sponsored in the Senate by Montgomery County Democrat Brian Feldman.

Another bill would prohibit suits for \$5,000 or less and liens on patients’ homes, require hospitals to offer reasonable payment plans, and ban suits while patients apply for financial

assistance. It's sponsored by Feldman and Del. Lorig Charkoudian, another Montgomery County Democrat.

The legislation is the latest effort by state lawmakers to address what they see as deficiencies in the health care system that persist despite higher rates of health insurance under the federal Affordable Care Act and expansion of Medicaid, government coverage for low-income residents.

Those programs have helped the state cut the number of uninsured in half, to about 6%. But consumers face growing deductibles and other out-of-pocket costs with workplace insurance and high premiums for ACA insurance.

The lawmakers have passed a stream of bills in recent years, including one to create a reinsurance program that helps insurers pay for their most expensive consumers, which has lowered premiums for those buying their own insurance. Other legislation created a system to direct more uninsured people to plans through their tax forms. Lawmakers are considering now how to protect consumers if the U.S. Supreme Court strikes down the health care law, known as Obamacare, in response to a lawsuit filed in Texas and joined by multiple states.

The fate of the medical debt legislation is unclear, but the sponsors said discussions with hospital officials have begun.

Some hospital officials have noted that unpaid bills have declined as more people gained insurance, and the average number of lawsuits filed annually has dropped over time, according to a review by The Baltimore Sun. But the average amounts owed appear to have risen.

In all, the coalition report found the state's hospitals filed 145,746 lawsuits from 2009 through 2018 seeking \$2.69 million from patients. The median suit was for \$944.

The report found 37,370 suits resulted in wage garnishments, 4,432 resulted in liens and 3,278 ended in patient bankruptcies.

"Today in Maryland, 16% of households have a medical debt in collection, and of those medical debts, 20% are located in communities of color, which already struggle with disparities related to access to health care and social determinants of health," said Marceline White, the executive director of the Maryland Consumer Rights Coalition.

"No one should lose their wages or their home because they or a family member fell ill," White said. "We know of far too many cases when someone should have qualified for financial assistance and instead ends up in court."

Hospitals, however, say they take extensive steps to ensure qualified patients are getting financial aid and use lawsuits only after other options are exhausted.

The Maryland Hospital Association called the report “distorted.” The state’s hospitals provide care without concerns for ability to pay, spending \$744 million on charity care last year, said Bob Atlas, the association’s president and CEO. He acknowledged that more patients are struggling because of the steep rise in out-of-pocket costs, but hospitals also have adjusted their financial counseling.

“Hospitals across Maryland are dedicated to ensuring families have access to care without financial hardship,” Atlas said. “This commitment continues to be tested as health insurance coverage erodes, leaving patients more exposed.”

The bills are supported by a coalition that includes National Nurses United, the union that has been engaged in a [contentious effort to organize nurses at Johns Hopkins Hospital](#). The coalition released an analysis last year that found Hopkins alone filed more than 2,400 lawsuits in Maryland courts since 2009 against patients, including a large number of residents from distressed neighborhoods surrounding the East Baltimore campus.

In the new report, Hopkins was one of 26 hospitals that filed more than 1,000 lawsuits over the decade, though half the hospitals filed more suits. Two independent community hospitals filed the most suits: Peninsula Regional Medical Center in Salisbury filed 21,831 seeking almost \$24 million and Greater Baltimore Medical Center in Towson filed 16,780 seeking \$18,940,601.

Hopkins did not respond to request for comment. GBMC officials said the report contained “inaccuracies” and didn’t include spending on community health programs by the hospital, which is required for all nonprofit facilities.

“We drive daily towards our vision of being the community-based system of care that provides to every patient, every time, the care we would want for our own loved ones,” said John Lazarou, a GBMC spokesman. “We work hard to be good stewards of the community’s resources and to navigate the complex reimbursement system.”

Peninsula Regional officials said they meet state requirements for providing charity care and that nearly every patient who sought assistance got it. They said patients should contact the hospital when they need assistance.

“Peninsula Regional Medical Center understands balancing between financial stability and community service is always a challenge, and we know medical bills can be a hardship for some of our patients,” said Roger Follebout Jr., spokesman for the hospital. “It’s important for the community to know that if our patients contact us with a financial hardship, we do all we

can to connect them to resources, enroll them in Medicaid if needed, provide a discount or qualify them for charity care when it is appropriate.”

The report’s authors have been monitoring charity care provided by the hospitals since a [2008 investigation by The Sun](#) that found 46 hospitals in the state filed more than 132,000 lawsuits for unpaid bills from 2003 through 2008, winning more than \$100 million in judgments.

Hospitals pursued the suits even though they were collecting millions of dollars through higher rates paid by all patients to compensate for unpaid bills.

Feldman said the bills would provide important safeguards for patients in Maryland, though he characterized medical debt as a national problem that would require states and the federal government to fix.

“Some of the numbers in the consumer groups’ report are eye-popping,” he said. “In a lot of cases these are against people who are not in a position to defend against the suits. ... Nobody is saying hospitals won’t have the opportunity to collect debts, but there should be some of those guardrails in the process.”