



THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB1420

Hospitals - Financial Assistance Policies and Bill Collections

Chair Pendergrass and Members of the Health and Government Operations Committee:

The most significant task we undertake in this committee is to protect access to health care for the people of Maryland. We've done this successfully over the past decade by expanding Medicaid, introducing innovative strategies like Easy Enrollment and building the best Health Exchange in the country. But there is a second, equally critical task before us, and that is to protect Marylanders from punishingly high healthcare costs.

HB 1420 addresses this second task. It will help protect our constituents from the burden of medical debt, defined as hospital bills—excluding co-pays and deductibles—incurred over a 12 month period that exceed 25% of a family's annual income. For example, a family of four, whose annual household income is \$52,400 (which is 200% of the Federal Poverty Level) with hospital bills of about \$13,000 could potentially qualify for help.

Before describing the mechanics of the bill, I'd like to set the context.

Between 2009 and 2018, according to a report¹, hospitals in Maryland filed 145,746 lawsuits against patients to recover \$268 million dollars in unpaid medical bills. Nearly a third of these suits resulted in judgements: 37,370 wage garnishments and 4,432 liens. In addition, 3,278 patients who were sued by Maryland hospitals ended up filing bankruptcy. The median compensation sought by hospitals was \$944.

Some patients who incur medical debt have the ability to pay, and do so in a timely fashion. Others who have the ability to pay do so in a desultory fashion. But patients who have the ability to pay are not the subject of this bill. Rather, this bill aims to protect patients who do not have the ability to pay, and need some type of assistance or relief.

These patients are Marylanders who likely already have some type of insurance, who work and juggle household bills and care for their families every day, but who cannot handle another financial shock. The average American household does not have \$1000 in emergency savings.² For African American and Latinx families, the situation is even more dire: a fourth of households of color would have less than \$5 if

¹ National Nurses United and AFL-CIO, "Preying on Patients: Maryland's Not-for-Profit Hospitals and Medical Debt Lawsuits." February 2020. https://act.nationalnursesunited.org/page/-/files/graphics/0220_JHH_PreyingOnPatients_Report-opt.pdf.

² Carrns, Ann. "Even in Strong Economy, Most Families Don't Have Enough Emergency Savings." The New York Times, The New York Times, 25 Oct. 2019, www.nytimes.com/2019/10/25/your-money/emergency-savings.html.

they liquidated all of their household assets.³ An unexpected hospital bill can be catastrophic for these working families. It is unconscionable and immoral that in the wealthiest state in the richest country in the world, where we have increased health insurance coverage to the highest levels in our state's history, that any Marylander would suffer the burden of medical debt—and worse, a medical lawsuit.

To protect Marylanders from this unjust burden, the state established the Hospital Uncompensated Care Fund, also called the charity care fund, to protect working families from medical debt and also to ensure that hospitals are paid for the lifesaving health services they provide.

There are two kinds of relief for patients burdened by hospital bills that they do not have the ability to pay. Patients with household incomes under 150% of the Federal Poverty Level can receive free, or “charity” care. In regulation, that threshold is 200% FPL (this is a point of disharmony that will be addressed in the bill). The second type of relief for patients above the income threshold is for reduced care.

And yet, hospitals are still suing patients. Patients who are eligible for free or reduced-cost care are not receiving financial assistance. At the same time, hospitals are providing care for which they are not being paid. The Uncompensated Care Fund mechanisms that the state established are not functioning adequately. We have a system failure. That is what this bill aims to fix.

This bill increases the income threshold for patients to receive free medically necessary care; provides presumptive eligibility for certain patients to receive financial assistance; requires hospitals to develop processes to determine patient eligibility and for patients to file complaints with the HSCRC; and requires the HSCRC to publish annual hospital financial assistance reports and model the potential impacts of expanding the changes under this bill to a greater patient population.

This bill will increase the number of hardworking Marylanders who are eligible for financial assistance and raise expectations on hospitals to more effectively enroll eligible patients. The bill will also explore potential fiscal impacts of expanding eligibility for financial assistance.

For a more detailed overview of the mechanisms of this bill, please refer to Item 2 of my testimony packet.

I first learned about the problem of medical debt in Maryland last year, through an article in the Baltimore Sun.⁴ That article highlighted one particular hospital, but the problem is pervasive, to one degree or another across most hospitals—the problem is systemic. That is why I have spent the past several months talking with every stakeholder—advocates, health care professionals and researchers, hospitals, state agencies including the state Health Department and HSCRC, and people who have been directly affected.

At this moment, there are many points of agreement on the bill as written, however, a few provisions still need consensus. I am actively working with all parties to achieve consensus and bring to this committee the most feasible proposal to address the problem of medical debt in Maryland. Our conversations are collegial, productive and ongoing.

³ White, Gillian B. “Not All Money Troubles Are Created Equal.” The Atlantic, Atlantic Media Company, 7 Feb. 2017, www.theatlantic.com/business/archive/2016/04/racial-inequality-money-problems/479349/.

⁴ Cohn, Meredith, and Lorraine Mirabella. “Johns Hopkins Hospital Sues Patients, Many Low Income, for Medical Debt.” [Baltimoresun.com](http://baltimoresun.com), Baltimore Sun, 19 Aug. 2019, www.baltimoresun.com/health/bs-hs-hopkins-sues-patients-20190516-story.html.

I respectfully request a favorable report and thank you for your consideration.