

# Hospitals Should Repay Low-Income Patients Who Were Billed But Eligible for Free Care

## Position Statement Supporting House Bill 694

*Given before the Senate Finance Committee*

Providing free and care to Marylanders facing economic challenges is a core part of the responsibility of the state's nonprofit hospitals. However, a recent report found that the hospitals have collected millions in medical debt from Marylanders who should have been eligible for free care. **The Maryland Center on Economic Policy supports House Bill 694, as amended in the House**, because it would create a process to help address this and ensure patients are reimbursed for incorrect charges.

In February 2021, the Health Services Cost Review Commission (HSCRC), an independent state agency responsible for regulating the costs of care in Maryland, released a report on the impact of hospital financial assistance policies.<sup>1</sup> Performing a robust review of data from 2017 and 2018, HSCRC staff found Maryland hospitals collected an estimated \$60 million each year from patients legally entitled to free medical care. This \$60 million annual sum is just what free-care eligible patients paid toward their bills — meaning the total amount these patients were pursued for by hospitals, via debt collectors and lawsuits, is presumably far higher.

HB 694 is a reasonable response that addresses both the billing issue and, as amended, accounts for concerns about patient privacy. It will establish a process requiring state agencies and the Comptroller to identify patients who were wrongly charged, and refund those patients the amount that they overpaid. The legislation protects patients' privacy in accordance with HIPPA and establishes a process to safely reach out to patients who use an alternate address. HB694 covers patients who were wrongly charged between 2017-2021, and requires progress reports to this committee and the House Health and Government Operations Committee.

The patients who were affected by these improper charges are getting by on very low incomes. Any money that is able to be refunded to them will have significant positive benefits for increasing their well-being and economic stability. Further, as people struggling to make ends meet are more likely to spend funds to meet their basic needs, ensuring people are refunded the money they are owed will likely have some positive impacts for the economy and local businesses.

For these reasons, **the Maryland Center on Economic Policy respectfully requests the Finance Committee to make a favorable report on House Bill 694 with no further amendments.**

## Equity Impact Analysis: House Bill 694

### *Bill Summary*

HB 694 will establish a process requiring state agencies and the Comptroller to identify patients who were wrongly charged, and refund those patients the amount that they overpaid.

### *Background*

HB 694 responds to the report from the Health Services Cost Review Commission that Maryland hospitals collected an estimated \$60 million from patients who *should have received free medical care* in both 2017 and 2018. These figures were part of a detailed analysis produced last year as a requirement of legislation passed in 2020.

### *Equity Implications*

The HSCRC analysis did not include data disaggregated by race. However, because of the state's long history of discriminatory policies and barriers to opportunity, Marylanders of color are more likely to have incomes below the thresholds that makes them eligible for free care.

### *Impact*

House Bill 694 will likely **improve health and economic equity** in Maryland.

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<sup>i</sup> Maryland Health Services Cost Review Commission (2020) <https://drive.google.com/file/d/1lCBVIecgQvSqPhCLaYBI4lgHNoAuwwF3/view>