



Maryland Consumer Rights Coalition

**Testimony to the House Health & Government Operations Committee
HB694: Hospitals-Financial Assistance-Medical Reimbursement
Position: Favorable**

March 2, 2022

The Honorable Shane Pendergrass, Chair
Health & Government Operations Committee
Room 241, HOB
Annapolis, MD 21401
cc: Members, Health & Government Operations Committee

Honorable Chair Pendergrass and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

I write today in strong support of HB694.

Last year, an [HSCRC report](#) found that 60% of patients who **should have gotten free hospital care** instead were wrongly pursued by hospitals who used aggressive debt collection tactics to try to collect on unpaid care. Collectively, these **low-income patients paid \$120 million to hospitals over two years** despite the fact that they should have received free care.

[HB 694/SB 944](#) will right this wrong and make patients whole by creating a process to reimburse these patients for the funds they should never have paid to hospitals. The legislation establishes a three step process:

Verify. Step 1. HB 694/SB 944 establishes a process by which HSCRC will work with the Comptroller's office and the Department of Health Services to identify patients who overpaid for hospital care in 2017 and 2018 (the years the HSCRC report analyzed in their study).

Notify. Step 2. Patients who overpaid will be notified by mail and hospitals will set up a phone number and website for these patients to contact for reimbursement. The patient doesn't have to do anything else or submit paperwork to be verified, that has already been done.

Rectify. Step 3. Patients will be paid back by the hospitals for the amount that they were overcharged. If at least 5% of patients reach out to hospitals to seek a refund that will trigger a review by the HSCRC of



2019, 2020, and 2021. Should the study find that patients who should have received free care instead paid these hospitals, the same process will take place to make these patients whole.

Medical debt, unlike other sorts of consumer debt, is not freely chosen nor is there ample opportunity for patients to shop around when they are seeking urgent care. The impact of medical debt for patients is consequential; a [2019 study](#) found that 66.5 % of bankruptcies nationwide were attributed to medical debt, due to a combination of expensive medical bills and/or time off work to care or recover from illness; it can lower patients credit scores leading to loss of employment opportunities, rental units, consumer loans, and more costly and restricted credit; and, despite expanded protections under Maryland law, many patients can still see their wages garnished, lose their family home, or have their property garnished to satisfy a medical debt to one of Maryland's nonprofit hospitals.

Medical debt deters patients from seeking care. In [MCRC's poll](#), 53% of respondents who couldn't afford to pay an unexpected \$500 medical bill stated that they have delayed or avoided care because of concerns about costs.

Why this bill is needed:

- Provides financial rebates to low-income patients that should never have paid these bills in the first place;
- Increases the economic security of low-income households that were overcharged which will enable them to seek medical care, purchase food, pay their rent or meet their other basic needs.
- Holds hospitals accountable for the financial harm they caused and provides an incentive to tighten policies and procedures that led to so many patients being wrongly classified as bad debt instead of charity care;
- Establishes a process to determine if similar overpayment issues took place in 2019, 2020, and 2021.

Opponents may argue that this bill will be too costly to enact but nothing could be further from the truth. Hospitals, which were already paid by the State to provide care for these patients, will be responsible for notifying patients and providing the reimbursements. The Comptroller and DHS can complete their work to implement this bill using current resources.

Hospitals may also suggest that they have lost revenue during the pandemic and cannot afford to reimburse indigent patients at this time, however that simply isn't the case. Thanks to HSCRC's interventions as the [Journal of the American Medical Association](#) article found, in 2020 Maryland hospitals made "an almost complete recovery for inpatient revenue and partial recovery for outpatient revenue in May through July".



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Finally, opponents may suggest that the process is too cumbersome and difficult to identify the patients who should be reimbursed. They may also suggest that the amount returned is not enough to warrant the investment in time and resources. But the hospitals were the ones at fault. The hospital systems failed to provide free care to indigent Maryland patients as required by law and compensated for by the state. In other businesses, whether it is insurance or energy, if a company overcharges a consumer, the company is expected to provide a rebate. This is no different. However, for many of the patients that we've seen, receiving a rebate will make a tremendous difference in their lives.

For all of these reasons, we support HB 964 and ask for a favorable report.

Best,

Marceline White
Executive Director