

# Low-Income Patients Who Were Eligible for Free Care Need to be Reimbursed

## Position Statement Supporting Senate Bill 404

*Given before the Senate Finance Committee*

Providing free and reduced-cost medical care to Marylanders facing economic challenges is a core part of the responsibility of the state's nonprofit hospitals. However, a report found that hospitals have collected millions in medical debt from Marylanders who should have been eligible for free care. **The Maryland Center on Economic Policy supports Senate Bill 404 because it establishes a process to refund patients and provides added support to affected consumers navigating the reimbursement process.**

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. This data makes it clear that Maryland hospitals are not adequately meeting their legal obligation to provide financial assistance to low-income patients.

Last year, the legislature passed HB 694 in response to this concerning situation. The bill required the HSCRC to convene a workgroup of stakeholders to figure out the best process for refunding patients while also maintaining patient privacy and ensuring safe-addresses were used for survivors of intimate partner bias. The workgroup met throughout the fall and there was a consensus that patients needed to be reimbursed.

SB 404, known as the Medical Debt Reimbursement Act, is a technical bill that:

- Creates a process for patients wrongly pursued for debt to receive refunds from hospitals. It aims to identify patients who paid more than \$25 for hospital services who may have qualified for free care on services provided between 2017 and 2021.
- Allows data sharing between state agencies and hospitals to identify and refund patients, while protecting patient privacy. State agencies include the Office of the Comptroller, the Department of Human Services, and the Department of Education.
- Provides support to assist affected patients through the Health Education Advocacy Unit in the Office of the Attorney General. It also requires each hospital to create webpage detailing the reimbursement process and share contact information that a patient may use to ask about the process.

- Requires a report on progress to the General Assembly.

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 Senate Finance Committee to make a favorable report on Senate Bill 404.**

---

## Equity Impact Analysis: Senate Bill 404

### *Bill Summary*

SB 404 establishes requirements related to the reimbursement of out-of-pocket expenses paid by patients to hospitals who were eligible for free care. The bills considers requirements related to the use of patient data and the reporting and disclosure of certain information. It also makes modifications to the process through which the Health Services Cost Review Commission is required to develop for identifying and reimbursing patients. Moreover, it requires the hospitals to reimburse state government agencies for certain costs associated with this process, and authorizes the State Department of Assessments and Taxation and the Office of the Comptroller to disclose tax information to hospitals and certain units related to the reimbursement process.

### *Background*

A report from the Health Services Cost Review Commission (HSCRC) showed 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 in 2021 as a requirement of legislation passed in 2020. The Maryland General Assembly passed legislation in 2022 requiring Maryland hospitals to identify, notify, and reimburse patients. Legislation also required the HSCRC to convene a workgroup of stakeholders to figure out what the reimbursement process would entail. SB 404 is a technical bill that creates the process through which patients wrongly pursued for debt can receive refunds from hospitals.

### *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. Additionally, a patient ineligible for Medicaid or the Maryland's Children Health Program (MCHP) who paid out-of-pocket expenses for services is presumptively eligible for the refunds if they:

- Received benefits through the federal Supplemental Nutrition Assistance Program (SNAP)
- Received benefits through the State's Energy Assistance Program
- Received benefits through the federal Special Supplemental Food Program for Women, Infants, and Children (WIC)
- Lived in a household with children enrolled in the free and reduced-cost meal program

It is of utmost importance that patients who are already receiving public assistance can get holistic economic support to stay afloat. SB 404 ultimately puts hard-earned cash back in the hands of low-income Marylanders.

*Impact*

Senate Bill 404 will likely **improve health and economic equity** in Maryland.

---

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