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SB 404
Hospitals – Financial Assistance – Medical Bill Reimbursement Process
Hearing of the Senate Finance Committee
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1:00pm

SUPPORT

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Health and Benefits Equity Project advocates to protect and expand access to healthcare and safety net services for Marylanders struggling to make ends meet. We support policies and practices that are designed to eliminate economic and racial inequities and enable every Marylander to attain their highest level of health. **PJC strongly supports SB 404**, which would establish requirements related to the reimbursement of out-of-pocket costs paid by certain hospital patients who were eligible for free care. It would also modify the process the Health Service Cost Review Commission (HSCRC) is required to develop for identifying and reimbursing certain patients of hospitals.

Medical debt collection has a disproportionate impact on low-income patients and communities of color.

Medical debt collection not only threatens the financial and housing security of patients, but it also places an immense emotional and physical burden on patients, their families and can harm the overall health of the household. Medical debt keeps low-income patients in a cycle of poverty that can be difficult to break. It takes money that comes into the household away from paying for basic needs, such as food, housing, medication and utilities. This issue is a priority for PJC as many of our low-income clients who do not qualify for Medicaid coverage, including undocumented workers, experience significant challenges in affording unexpected medical bills.

SB 404 would create a process for patients wrongly pursued for debt to receive refunds from hospitals. In 2021, HSCRC released a study reporting that not only were 60% of people who should have receive free care reported as bad debt and pursued for collection by hospitals, but hospitals also collected roughly \$60 million in 2017 and then again in 2018 from patients who were eligible for free care and thus, should not have been

charged.¹ We thank this committee for the passage of [HB 694 \(2022\)](#), now law, which required HSCRC in coordination with the Department of Human Services (DHS), the State designated exchange, the Office of the Comptroller, and the Maryland Hospital Association (MHA), to develop a process for identifying patients who paid for hospital services but may have qualified for free care and for reimbursing the identified patients.

SB 404 is a necessary technical bill to implement HB 694 and fine tunes the reimbursement process. SB 404 is the result of the [Hospital Free Care Refunds workgroup](#) led by HSCRC from May-December 2022 with stakeholders, including the involved state agencies, MHA, several major hospital systems, domestic violence survivors advocates and patients' rights advocates. The legislation addresses concerns that were raised regarding HB 694's implementation, including patient data sharing between state agencies and ensuring that refund notifications are sent to designated safe addresses for patients experiencing domestic violence.

If passed, SB 404 would require hospitals to analyze data on patients who paid bills between 2017-21 and cross-reference it with data from the Office of the Comptroller and DHS to identify patients who appear eligible for a refund. DHS and the Office of the Comptroller would then send letters notifying patients that they may be eligible for a refund and instructions on how to submit a request. Finally, Maryland's hospitals would review refund requests from patients to determine whether the patient was eligible for free care and if so, provide a refund.

Passing SB 404 is essential to ensuring that low-income Marylanders who were eligible for free care and paid their hospital bills between 2017-21 are made whole. For these reasons, the Public Justice Center urges the committee to issue a **FAVORABLE** report for **SB 404**. If you have any questions, please contact Ashley Black at 410-625-9409 x 224 or blacka@publicjustice.org.

¹ Maryland Health Services Cost Review Commission, *Analysis of the Impact of Hospital Financial Assistance Policy Options on Uncompensated Care & Costs to Payers* (2021), <https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/6045840486f11518b48230a5/1615168518742/HSCRC+1420+report.pdf>.