



# **Voluntary Commitments:**

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HAVE HOSPITALS THAT SIGNED A  
CONFIRMATION OF COMMITMENT TO THE  
AMERICAN HOSPITAL ASSOCIATION'S BILLING AND  
COLLECTIONS GUIDELINES  
REALLY CHANGED THEIR WAYS?

May 2005

## **EXECUTIVE SUMMARY**

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## EXECUTIVE SUMMARY

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In June of 2003, faced with accumulating bad publicity about some of its member's high prices and harsh billing and collections policies toward uninsured patients, the American Hospital Association (AHA) sent out a member advisory. With respect to hospital charges, charity care policies, and debt collection practices, it said, "Every hospital leader should be aware of these issues, familiar with their own internal policies and prepared to discuss them publicly."

Then, in December of 2003, the AHA issued a statement of principles and guidelines related to hospital billing and collections practices. It called on hospitals to provide financial counseling to needy patients, have clear written policies to help patients determine if they qualify for public or hospital assistance programs, make these policies known to the public and community organizations, train staff on the policies, ensure that charges for services are reasonably related to cost, and make charges available to the public in an understandable format. It also asked hospitals to sign a Confirmation of Commitment that offered two options, one stating that the hospital already meets or exceeds the principles, and the other that the hospital is reviewing its policies with the goal of meeting or exceeding the principles.

The AHA states on its website that it considers the commitments important in avoiding federal legislative or regulatory action, and quotes a Congressional representative who held hearings on hospital pricing policies for the uninsured as saying "If they get to 5,000, we won't have to legislate." The website states that more than 4,200 hospitals, or over 80% of its members, have signed the Confirmation of Commitment. However, the AHA only published the names of these hospitals in May of 2005, and still has not specified which hospitals claim to already meet or exceed the guidelines and which say only that they are evaluating their policies in light of the guidelines. The AHA has also not provided any evidence that hospitals that signed the Confirmation of Commitment are in fact conforming to the guidelines.

The Access Project, a national resource center supporting community research and advocacy, undertook a survey of 61 randomly selected large private non-profit and for-profit hospitals to investigate this topic. Respondents were asked if their hospitals had signed the Confirmation of Commitment and, if so, which option they had selected. They were also asked about how they were implementing specific recommendations in the AHA guidelines.

### FINDINGS

Despite repeated phone calls to Chief Financial Officers or Patient Financial Services Directors at the hospitals, only 12 respondents agreed to participate in the survey. Of these, ten respondents represented 13 non-profit hospitals and two represented for-profit hospitals. Five of the non-profit respondents and none of the for-profit respondents reported that their hospitals signed the Confirmation of Commitment option stating that they already meet or exceed the AHA's voluntary guidelines.

With respect to implementation of the AHA's guidelines, hospitals' reported practices varied widely. For example, in implementing the guideline that hospitals should make available to the public information on their charity care policies and other financial

assistance programs, one respondent reported his hospital had posted the policies on its website and in its admitting and emergency departments, and also provided information on its 800 telephone line. However, another respondent said the policies were only accessible to employees through the hospital's administrative manual and intranet, whereas patients received a simplified Q and A sheet. Regarding the recommendation that hospitals share their charity care policies with appropriate community organizations that assist people in need, some respondents reported that their hospitals only shared the policies with state agencies to which they were required to provide the information, some reported sharing the policies with a few local agencies, and some reported that they had not shared the policies with any local organizations. Similar variations were reported in the implementation of guidelines related to training staff in financial assistance policies, and to reviewing and publishing charges for services.

## **CONCLUSIONS AND RECOMMENDATIONS**

Because few of the hospitals we contacted were willing to participate in the survey, we cannot make definitive statements about whether hospitals that signed the AHA's Confirmation of Commitment are in fact implementing the AHA's voluntary principles and guidelines. However, the unwillingness of so many hospitals to participate itself raises concerns about whether they are conforming to the AHA's call for hospitals to be more transparent in sharing their financial assistance policies. In this regard, the AHA contradicts its own call for transparency by not distinguishing between hospitals that claim to already meet or exceed the guidelines and those that say only that they are reevaluating their policies. These concerns are reinforced by the fact that the self-reported practices of those hospitals that participated in the survey did not consistently correspond to their stated commitment to the voluntary guidelines.

Although the small number of participating hospitals makes generalizations impossible, this survey indicates that even though a large number of hospitals have signed the AHA's Confirmation of Commitment to its voluntary principles, one cannot reliably conclude that they have actually changed their billing, collections, and charity care policies and practices. The burden is now on the AHA and its member hospitals to actively demonstrate that signing the Confirmation of Commitment is a meaningful reflection of hospital policies. We recommend the following:

1. The AHA should make public which hospitals that have signed the Confirmation of Commitment claim to already meet or exceed the AHA guidelines, and which say only that they are reevaluating their policies in light of the guidelines.
2. All hospitals should publish their financial assistance policies, make them widely available, and provide them to anyone who requests them.
3. The AHA must find ways to guarantee that hospitals are living up to their commitments. It should encourage hospitals to work with community organizations that represent low-income uninsured in developing their financial assistance policies. It should also establish an ongoing quality assurance program to monitor hospitals' practices and fund initiatives to develop model programs in these areas.
4. Without further evidence that signing hospitals have actually altered their policies to meet the AHA's voluntary guidelines, Congress cannot assume that legislative and regulatory remedies are unnecessary.