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HOSPITALS BLASTED FOR NOT PROVIDING FINANCIAL HELP TO THE UNINSURED AND FOR INTIMIDATING DEBT COLLECTION TACTICS

The Problem:

- Uninsured charged highest fees for care by hospitals
- Uninsured not informed about financial aid programs
- Uninsured harmed by aggressive billing, collection practices

Hospitals Challenged To Take Immediate Action:

- Give the uninsured the same discounted rates charged the insured
- Help the uninsured enroll in financial aid programs
- Stop aggressive bill collection tactics

WASHINGTON, June 24, 2004 --Citing a pattern of charging uninsured patients dramatically higher fees than those assessed the insured and then subjecting them to aggressive collection tactics based on fear, intimidation and harassment, the head of a national health care advocacy organization says hospitals "must stop gouging the uninsured and start treating patients of limited resources with dignity and respect."

"The uninsured are given a raw deal when it comes to hospital billing," Access Project Executive Director Mark Rukavina told a hearing Thursday of the House Energy and Commerce Oversight and Investigations Subcommittee. The uninsured are often charged the highest prices for their hospital care, exposing them to serious financial consequences. A recent Commonwealth Fund study found that over half of Americans without health insurance had problems related to medical bills or accrued medical debt. Among the uninsured struggling to deal with their medical bills, over half said they exhausted their savings to pay them. "It is misleading to claim that the uninsured don't pay for their care."

Based in Boston, The Access Project is a national resource center supporting local organizations working to improve access to health care. The organization has produced several reports on the problems of medical debt in recent years.

As an example of hospital overcharging, Rukavina cited the published report of a 25-year-old uninsured New York woman who was billed \$14,000 – excluding doctors' fees – for a two-day appendectomy stay. Medicaid, if she had qualified for the program, would have paid the hospital about \$5,000, while Medicare would have paid approximately \$7,800.

Rukavina added that hospitals can no longer blame the excessive fees charged to uninsured patients on confusing Medicare regulations, noting that Health and Human Services Secretary Tommy Thompson has made clear to hospitals that they can offer discounts to the uninsured. Instead, the problem is both price gouging of uninsured patients by some hospitals and their failure to inform the uninsured of the existence of programs to help them.

However, some hospitals do help their patients enroll in financial aid programs, Rukavina said, citing an “exemplary program at The Cooley Dickinson Hospital in Massachusetts” that assigns case managers at the front end of the hospital care process to help the uninsured review their needs, complete program applications, assist them in applying for hospital charity care, and enroll them in Medicaid.

“The hospital gains needed revenues and the patients avoid crushing debt. Both are better off,” he added.

Worst of all, however, is that after charging the uninsured the highest fees and failing to tell them how to apply for financial help, many hospitals resort to “deplorable” billing and collection practices, Rukavina said. “No hospital should take collection actions against uninsured patients until they have screened them to see whether they are eligible for public programs or the hospital’s own charity care policy and are certain that they have the means to pay for their care.”

“Shameful hospital practices have resulted in patients being hounded by collection agencies, sued and subsequently charged high interest; having wages garnisheed and liens slapped on homes; and even being arrested as they struggled to pay their bills,” he said. As an example he cited a Champaign, IL case in which Kara Atteberry was jailed briefly because she missed two court hearings on a \$1,678 hospital bill she incurred for a miscarriage.

Earlier this year, HHS Secretary Thompson noted that the federal government pays hospitals more than \$20 billion each year to care for poor and uninsured patients. “Before hospitals and their associations lobby Congress and the administration for additional funding to treat the uninsured, they should adopt the principle of Doing No Harm. Only when they’ve shown they are treating patients of limited means fairly,” Rukavina said, “should they ask for additional resources to support the cost of caring for the uninsured.”

Since the federal government has made clear they can offer discounts, Rukavina said hospitals should immediately lower the fees charged the uninsured and provide them with the same discounts extended to patients with health insurance.

Hospitals must also help the uninsured enroll in existing programs that would enable the hospitals to receive reimbursement for their services and help people avoid being saddled with unmanageable debt.

Lastly, hospital billing departments and collection agencies “must bring an immediate halt to tactics that do great harm to patients. Hauling low income, uninsured patients to court is senseless. These actions cost hospitals money but provide little financial return while ruining the credit rating of uninsured patients.”

Hospitals must stop contributing to the problems faced by uninsured patients. “Destroying people’s credit and undermining their financial security because they incurred involuntary medical debt has no place in America’s health care system,” Rukavina concluded.

The Access Project has served as a resource center for local communities working to improve health and healthcare access since 1988. The mission of The Access Project is to strengthen community action, promote social change, and improve health, especially for those who are most vulnerable. It seeks to enhance the knowledge and skills of community leaders to strengthen the voice of underserved communities in the public and private policy discussions that directly affect them. For more information on The Access Project, please visit www.accessproject.org