



Senate

General Assembly

File No. 537

January Session, 2003

Substitute Senate Bill No. 568

Senate, April 24, 2003

The Committee on Public Health reported through SEN. MURPHY of the 16th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING HOSPITAL BILLING PRACTICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 19a-649 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) The office, in consultation with the Commissioner of Social
4 Services, shall review annually the level of uncompensated care
5 including emergency assistance to families provided by each hospital
6 to the indigent. Each hospital shall file annually with the office its
7 policies regarding the provision of free or reduced cost services to the
8 indigent, excluding medical assistance recipients, and its debt
9 collection practices. Each hospital shall obtain an independent audit of
10 the level of charges, payments and discharges by primary payer
11 related to Medicare, medical assistance, CHAMPUS and
12 nongovernmental payers as well as the amount of uncompensated care
13 including emergency assistance to families. The results of this audit,
14 including the above information, with an opinion, shall be provided to

15 the office by each hospital together with the hospital's financial
16 statements filed on February twenty-eighth of each year. For purposes
17 of this section, "primary payer" means the final payer responsible for
18 more than fifty per cent of the charges on the case, or, if no payer is
19 responsible for more than fifty per cent of the charges the payer
20 responsible for the highest percentage of charges. The office shall
21 evaluate the audit and may rely on the information contained in the
22 independent audit or may require such additional audit as it deems
23 necessary.

24 (b) Each hospital shall include in the report filed pursuant to
25 subsection (a) of this section, (1) the number of applicants for free and
26 reduced cost services, (2) the number of approved applicants, and (3)
27 the total and average values of the amount of free and reduced cost
28 care provided. The total value of free and reduced cost care shall be
29 reported at the cost of providing services, as defined in section 19a-673,
30 as amended by this act.

31 Sec. 2. Section 19a-509b of the general statutes is repealed and the
32 following is substituted in lieu thereof (*Effective October 1, 2003*):

33 (a) As used in this section, (1) "hospital bed fund" means any gift of
34 money, stock, bonds, financial instruments or other property made by
35 any donor for the purpose of establishing a fund to provide medical
36 care, including, but not limited to, inpatient or outpatient care, to
37 patients at a hospital. A hospital bed fund may be established by inter
38 vivos gift, bequest, subscription, solicitation, dedication or any other
39 means; (2) "hospital" means hospital as defined in section 19a-490; (3)
40 "collection agent" means any person, either employed by or under
41 contract to, a hospital, who is engaged in the business of collecting
42 payment from consumers for medical services provided by the
43 hospital, and includes, but is not limited to, attorneys performing debt
44 collection activities.

45 (b) (1) Each hospital which holds or administers one or more
46 hospital bed funds shall post or cause to be posted in a conspicuous
47 public place in each patient admitting location, including but not

48 limited to, the admissions office, emergency room, social services
49 department and patient accounts or billing office, information in
50 English and Spanish regarding the availability of its hospital bed
51 funds, in plain language in a forty-eight to seventy-two point type size.
52 Such information shall include: (A) Notification of the existence of
53 hospital bed funds and the hospital's program to administer them,
54 [and] (B) the person to contact for application information, and (C)
55 notification that applications are available from any personnel in the
56 patients admissions and patient accounts or billing offices.

57 (2) Each hospital which has a hospital bed fund shall train staff,
58 including but not limited to, hospital social workers, admissions
59 officers, discharge planners, [and] billing personnel and collection
60 agents concerning the existence of such fund, the eligibility
61 requirements, requirements for disclosure to patients pursuant to this
62 section, and the procedures for application.

63 (c) Each hospital which holds or administers one or more hospital
64 bed funds shall make available [to individual members of the public]
65 in a place and manner allowing individual members of the public to
66 easily obtain it, a one page summary in English and Spanish describing
67 hospital bed funds and how to apply for them. [This summary] The
68 summary shall also describe any other free or reduced cost policies for
69 the indigent as reported by the hospital to the Office of Health Care
70 Access pursuant to section 19a-649, as amended by this act, and shall
71 clearly distinguish hospital bed funds from other sources of financial
72 assistance. The summary shall include notification that the patient is
73 entitled to reapply upon rejection, and that additional funds may
74 become available on an annual basis. The summary shall be available
75 in the patient admissions office, emergency room, social services
76 department and patient accounts or billing office, and from any
77 collection agent. If during the admission process or during its review
78 of the financial resources of the patient, the hospital reasonably
79 believes the patient will have limited funds to pay for any portion of
80 the patient's hospitalization not covered by insurance, the hospital
81 shall provide the summary to each such patient.

82 (d) Each hospital which holds or administers one or more hospital
83 bed funds and its collection agents shall include a summary as
84 provided in subsection (c) of this section in all bills and collections
85 notices sent by the hospital or its collection agents to individuals for
86 amounts not covered by insurance.

87 ~~[(d)]~~ (e) Applicants for assistance from hospital bed funds shall be
88 notified in writing of any award or any rejection and the reason for
89 such rejection. Patients who cannot pay any outstanding medical bill at
90 the hospital shall be allowed to apply or reapply for hospital bed
91 funds. Any payment from a hospital bed fund shall be for a medical
92 service calculated at the cost of providing services, as defined in
93 section 19a-673, as amended by this act.

94 (f) At the time a hospital determines whether a patient qualifies for
95 hospital bed funds or for free or reduced cost care according to
96 hospital policies as described in section 19a-649, as amended by this
97 act, the hospital shall also determine whether such patient is
98 uninsured, as defined in section 19a-673, as amended by this act, and
99 should be billed under the terms described in section 19a-673, as
100 amended by this act.

101 ~~[(e)]~~ (g) Each hospital which holds or administers one or more
102 hospital bed funds shall maintain and annually compile, at the end of
103 the fiscal year of the hospital, the following information: (1) The
104 number of applications for hospital bed funds; (2) the number of
105 ~~[patient accounts]~~ patients receiving hospital bed fund grants and the
106 actual dollar amounts provided to each patient from such fund; (3) the
107 fair market value of the principal of each individual hospital bed fund,
108 or the principal attributable to each bed fund if held in a pooled
109 investment; (4) the total earnings for each hospital bed fund or the
110 earnings attributable to each hospital bed fund; (5) the dollar amount
111 of earnings reinvested as principal if any; and (6) the dollar amount of
112 earnings available for patient care. The information compiled pursuant
113 to this subsection shall be permanently retained by the hospital and
114 ~~[made available to the Office of Health Care Access upon request]~~ shall

115 be filed with the Attorney General and the Commissioner of Health
116 Care Access no later than sixty days after the end of the fiscal year of
117 the hospital.

118 (h) The hospital shall provide the information compiled pursuant to
119 subsection (g) of this section annually to living donors and any donor-
120 specified individuals or organizations with power to nominate patients
121 to receive hospital bed funds.

122 (i) No hospital which holds or administers one or more hospital bed
123 funds shall initiate any form of legal proceeding to collect money from
124 an individual for medical services rendered until the hospital has
125 provided the individual with (1) the summary described in subsection
126 (c) of this section, (2) an application form for hospital bed funds, and
127 (3) a notice in writing in English and Spanish that collection
128 proceedings may be initiated sixty days after the date of the notice. No
129 proceedings shall be initiated until at least sixty days from the date of
130 the notice. If the individual applies for hospital bed funds within the
131 sixty-day period, such period shall be suspended and shall not resume
132 until the hospital notifies the individual in writing of any award or any
133 rejection as provided in subsection (e) of this section.

134 (j) Any hospital that fails to file information required by this section
135 shall be liable for a civil penalty of not more than five thousand
136 dollars. The Attorney General may bring an action in the superior
137 court for the judicial district of Hartford to recover such penalty and to
138 obtain any appropriate injunctive relief to ensure compliance with the
139 provisions of this section.

140 Sec. 3. (NEW) (*Effective October 1, 2003*) On or before March 1, 2004,
141 and annually thereafter, each hospital shall file with the Office of
142 Health Care Access a debt collection report that includes (1) whether
143 the hospital uses a collection agent, as defined in section 19a-509b of
144 the general statutes, as amended by this act, to assist with debt
145 collection, (2) the name of any collection agent used, (3) the hospital's
146 processes and policies for assigning a debt to a collection agent and for
147 compensating such collection agent for services rendered, and (4) the

148 recovery rate on accounts assigned to collection agents, exclusive of
149 Medicare accounts, in the most recent hospital fiscal year.

150 Sec. 4. Section 19a-673 of the general statutes is repealed and the
151 following is substituted in lieu thereof (*Effective October 1, 2003*):

152 (a) As used in this section:

153 (1) "Cost of providing services" means a hospital's published
154 charges at the time of billing, [of an uninsured patient,] multiplied by
155 the hospital's most recent relationship of costs to charges as taken from
156 the hospital's most recently available [audited financial statements]
157 annual financial filing with the Office of Health Care Access.

158 (2) "Hospital" means an institution licensed by the Department of
159 Public Health as a short-term general hospital.

160 (3) "Poverty income guidelines" means the poverty income
161 guidelines issued from time to time by the United States Department
162 of Health and Human Services.

163 (4) "Uninsured patient" means any person who is liable for one or
164 more hospital charges whose income is at or below two hundred fifty
165 per cent of the poverty income guidelines, or whose total annual
166 medical bills from a short-term general hospital stay or stays,
167 including physician, laboratory and other charges, exceed twenty per
168 cent of such person's income in the previous calendar year, who (A)
169 has applied and been denied eligibility for any medical or health care
170 coverage provided under the general assistance program or the
171 Medicaid program due to failure to satisfy income or other eligibility
172 requirements, and (B) is not eligible for coverage for hospital services
173 under the Medicare or CHAMPUS programs, or under any Medicaid
174 or health insurance program of any other nation, state, territory or
175 commonwealth, or under any other governmental or privately
176 sponsored health or accident insurance or benefit program including,
177 but not limited to, workers' compensation and awards, settlements or
178 judgments arising from claims, suits or proceedings involving motor

179 vehicle accidents or alleged negligence.

180 (5) "Income" means the federal adjusted gross income from the
181 previous tax year, except that a person who is unemployed may
182 request that an estimate of current year income be used to make any
183 determinations required pursuant to this section.

184 (b) (1) No hospital that has provided health care services to an
185 uninsured patient may collect from the uninsured patient more than
186 the cost of providing services.

187 (2) Upon the request of any patient, hospitals shall make a
188 determination of uninsured status based on earnings statements
189 attached to paychecks, tax returns, unemployment insurance records,
190 or other documents provided by the patient, or upon receipt of any
191 patient's application for hospital free care or hospital bed funds
192 pursuant to section 19a-509b, as amended by this act. If a hospital
193 determines that a patient is uninsured, the hospital shall provide bills
194 to such patient that reflect the adjustment to cost basis as provided in
195 subdivision (1) of this subsection.

196 (c) The Office of Health Care Access shall develop a standard notice,
197 in English and Spanish, that summarizes in plain language the
198 obligations of hospitals pursuant to this section and the requirement
199 that patients furnish proof of income to hospitals in order to qualify for
200 uninsured status. Such notice shall be posted and made available in
201 the same manner as provided for the summary of hospital bed funds
202 pursuant to section 19a-509b, as amended by this act. Such notice shall
203 be included in all hospital bills to private individuals, including, but
204 not limited to, uninsured patients, and shall be made available upon
205 admission, discharge or at any time to any patient upon request, and to
206 any patient who has not provided proof of or has been denied third-
207 party insurance coverage.

208 (d) No hospital shall initiate any form of legal proceeding to collect
209 money from an individual for medical services rendered until (1) the
210 hospital has provided the individual with a written notice in English

211 and Spanish supplied by the Department of Social Services describing
212 in plain language all forms of public assistance that may be available
213 for payment of hospital expenses, the income and other criteria for
214 eligibility for such assistance, and the application procedures for such
215 assistance, and (2) the hospital has offered to assist the individual with
216 the application process. No proceedings shall be initiated until at least
217 sixty days after the individual has been provided with such
218 information and assistance. If the individual applies for any form of
219 public assistance within the sixty-day period, such period shall be
220 suspended, and shall not be resumed until the individual is notified in
221 writing in English and Spanish of eligibility or ineligibility for such
222 assistance.

223 Sec. 5. (NEW) (*Effective October 1, 2003*) If, at any point in the debt
224 collection process, whether before or after the entry of judgment, a
225 hospital, a consumer collection agency acting on behalf of the hospital,
226 an attorney representing the hospital or any employee or agent of the
227 hospital becomes aware that a debtor from whom the hospital is
228 seeking payment for services rendered receives information that the
229 debtor is eligible for hospital bed funds, free or reduced price hospital
230 services, or any other program which would result in the elimination
231 of liability for the debt or reduction in the amount of such liability, the
232 hospital, collection agency, attorney, employee, or agent shall
233 promptly discontinue collection efforts and refer the collection file to
234 the hospital for determination of such eligibility. The collection effort
235 shall not resume until such determination is made.

236 Sec. 6. Section 37-3a of the general statutes is repealed and the
237 following is substituted in lieu thereof (*Effective October 1, 2003*):

238 (a) Except as provided in sections 37-3b, 37-3c and 52-192a, interest
239 at the rate of ten per cent a year, and no more, may be recovered and
240 allowed in civil actions or arbitration proceedings under chapter 909,
241 including actions to recover money loaned at a greater rate, as
242 damages for the detention of money after it becomes payable.
243 Judgment may be given for the recovery of taxes assessed and paid

244 upon the loan, and the insurance upon the estate mortgaged to secure
245 the loan, whenever the borrower has agreed in writing to pay such
246 taxes or insurance or both. Whenever the maker of any contract is a
247 resident of another state or the mortgage security is located in another
248 state, any obligee or holder of such contract, residing in this state, may
249 lawfully recover any agreed rate of interest or damages on such
250 contract until it is fully performed, not exceeding the legal rate of
251 interest in the state where such contract purports to have been made or
252 such mortgage security is located.

253 (b) In the case of a debt arising out of services provided at a
254 hospital, prejudgment and postjudgment interest shall be no more
255 than the lesser of ten per cent per year or the annual rate of increase for
256 the most recent twelve-month period in the United States City Average
257 Consumer Price Index on All Items as published monthly by the
258 Bureau of Labor Statistics, United States Department of Labor during
259 the relevant time period. The awarding of interest in such cases is
260 discretionary.

261 Sec. 7. Subsection (t) of section 52-352b of the general statutes is
262 repealed and the following is substituted in lieu thereof (*Effective*
263 *October 1, 2003*):

264 (t) The homestead of the exemptioner to the value of seventy-five
265 thousand dollars, or, in the case of a money judgment arising out of
266 services provided at a hospital, to the value of one hundred twenty-
267 five thousand dollars, provided value shall be determined as the fair
268 market value of the real property less the amount of any statutory or
269 consensual lien which encumbers it.

270 Sec. 8. Subsection (a) of section 52-356a of the general statutes is
271 repealed and the following is substituted in lieu thereof (*Effective*
272 *October 1, 2003*):

273 (a) (1) On application of a judgment creditor or his attorney, stating
274 that a judgment remains unsatisfied and the amount due thereon, and
275 subject to the expiration of any stay of enforcement and expiration of

276 any right of appeal, the clerk of the court in which the money
277 judgment was rendered shall issue an execution pursuant to this
278 section against the nonexempt personal property of the judgment
279 debtor other than debts due from a banking institution or earnings.
280 The application shall be accompanied by a fee of twenty dollars
281 payable to the clerk of the court for the administrative costs of
282 complying with the provisions of this section which fee may be
283 recoverable by the judgment creditor as a taxable cost of the action. In
284 the case of a consumer judgment, the application shall indicate
285 whether, pursuant to an installment payment order under subsection
286 (b) of section 52-356d, as amended by this act, the court has entered a
287 stay of execution and, if such a stay was entered, shall contain a
288 statement of the judgment creditor or his attorney as to the debtor's
289 default on payments. In the case of a judgment arising out of services
290 provided at a hospital, no application shall be made until the court has
291 (A) issued an order for installment payments in accordance with
292 section 52-356d, as amended by this act, (B) made a finding that the
293 debtor has defaulted on payments under the order, and (C) lifted the
294 mandatory stay issued under section 52-356d, as amended by this act.
295 The court shall make a determination concerning noncompliance or
296 default, and decide whether to modify the installment payment plan,
297 continue the installment payment plan, or lift the stay. For purposes of
298 this subdivision, "noncompliance" or "default" under an installment
299 plan means four consecutive missed payments. The execution shall be
300 directed to any levying officer.

301 (2) The property execution shall require a proper levying officer to
302 enforce the money judgment and shall state the names and last-known
303 addresses of the judgment creditor and judgment debtor, the court in
304 which and the date on which the money judgment was rendered, the
305 original amount of the money judgment and the amount due thereon,
306 and any information which the judgment creditor considers necessary
307 or appropriate to identify the judgment debtor. The property execution
308 shall notify any person served therewith that the judgment debtor's
309 nonexempt personal property is subject to levy, seizure and sale by the
310 levying officer pursuant to the execution and, if the judgment debtor is

311 a natural person, shall be accompanied by a notice of judgment debtor
312 rights as prescribed by section 52-361b and a notice to any third person
313 of the manner, as prescribed by subdivision (4) of this subsection, for
314 complying with the execution.

315 (3) A property execution shall be returned to court within four
316 months after issuance. The untimely return of a property execution
317 more than four months after issuance shall not of itself invalidate any
318 otherwise valid levy made during the four-month period.

319 (4) The levying officer shall personally serve a copy of the execution
320 on the judgment debtor and make demand for payment by the
321 judgment debtor of all sums due under the money judgment. On
322 failure of the judgment debtor to make immediate payment, the
323 levying officer shall levy on nonexempt personal property of the
324 judgment debtor, other than debts due from a banking institution or
325 earnings, sufficient to satisfy the judgment, as follows:

326 (A) If such nonexempt personal property is in the possession of the
327 judgment debtor, the levying officer shall take such property into his
328 possession as is accessible without breach of the peace;

329 (B) With respect to a judgment debtor who is not a natural person, if
330 such personal property, including any debt owed, is in the possession
331 of a third person, the levying officer shall serve that person with a
332 copy of the execution and that person shall forthwith deliver the
333 property or pay the amount of the debt due or payable to the levying
334 officer, provided, if the debt is not yet payable, payment shall be made
335 when the debt matures if within four months after issuance of the
336 execution;

337 (C) With respect to a judgment debtor who is a natural person, if
338 such personal property, including any debt owed, is in the possession
339 of a third person, the levying officer shall serve that person with two
340 copies of the execution, required notices and claim forms. On receipt of
341 such papers, the third person shall forthwith mail a copy thereof
342 postage prepaid to the judgment debtor at the last-known address of

343 record with the third person and shall withhold delivery of the
344 property or payment of the debt due to the levying officer or any other
345 person for twenty days. On expiration of the twenty days, the third
346 person shall forthwith deliver the property or pay the debt to the
347 levying officer provided (i) if an exemption claim has been filed in
348 accordance with subsection (d) of section 52-361b, the property shall
349 continue to be withheld subject to determination of the claim and (ii) if
350 a debt is not yet payable, payment shall be made when the debt
351 matures if within four months after issuance of the execution.

352 (5) Levy under this section on property held by, or a debt due from,
353 a third person shall bar an action for such property against the third
354 person provided the third person acted in compliance with the
355 execution.

356 (6) If the levying officer cannot remove any property on which he
357 seeks to levy without the danger of injury thereto, he may levy on and
358 take possession of the property by posting on or adjacent to the
359 property a conspicuous notice of the levy.

360 (7) Subject to the provisions of section 52-328, if the property to be
361 executed against is already subject to an attachment, garnishment or
362 judgment lien of the judgment creditor as security for that judgment,
363 the priority of the execution shall hold from the date of perfecting of
364 the attachment, garnishment or other lien. A sale pursuant to the
365 execution forecloses any interest acquired as a result of the attachment,
366 garnishment or judgment lien.

367 (8) If the judgment debtor has left the state prior to service of the
368 execution or if he cannot otherwise be found with reasonable effort at
369 his last-known address in this state, the levying officer shall proceed
370 with the levy after (A) making demand for payment at such last-
371 known address and on any agent or attorney of the judgment debtor of
372 record with the clerk of the Superior Court and (B) making a
373 reasonable effort to ascertain and provide notice of the execution at
374 any forwarding address.

375 Sec. 9. Subsection (b) of section 52-356d of the general statutes is
 376 repealed and the following is substituted in lieu thereof (*Effective*
 377 *October 1, 2003*):

378 (b) In the case of a consumer judgment, the court may provide that
 379 compliance with the installment payment order, other than with an
 380 order for nominal payments pursuant to subsection (c) of this section,
 381 shall stay any property execution or foreclosure pursuant to that
 382 judgment, provided such a stay is reasonable considering the nature of
 383 the debt and the financial circumstances of the judgment debtor. In the
 384 case of a judgment arising out of services provided at a hospital, (1) the
 385 court shall provide that compliance with the installment payment
 386 order shall stay any property execution or foreclosure pursuant to that
 387 judgment, including, but not limited to, execution on wages, execution
 388 on bank accounts, and execution on or foreclosure of real property,
 389 and (2) weekly payments shall be no more than five per cent of
 390 income.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>October 1, 2003</i>
Sec. 4	<i>October 1, 2003</i>
Sec. 5	<i>October 1, 2003</i>
Sec. 6	<i>October 1, 2003</i>
Sec. 7	<i>October 1, 2003</i>
Sec. 8	<i>October 1, 2003</i>
Sec. 9	<i>October 1, 2003</i>

Statement of Legislative Commissioners:

In subsection (b)(2) of section 4, "pay stubs" was changed to "earnings statements attached to paychecks" for accuracy; in section 6(b) "award" was changed to "awarding" for grammatical correctness; and in section 8 "is defined as" was changed to "means" for consistency.

PH *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Health Care Access, Off.	GF - Cost	\$2,000	\$0
UConn Health Ctr.	GF - Cost	Minimal	Minimal
Judicial Dept.	GF - Revenue Loss	\$200,000	\$270,000
Judicial Dept.	GF - Cost	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The Office of Health Care Access will incur a one-time cost of approximately \$2,000 to develop standard notices in English and Spanish as required by the bill. This would support the cost of translation services as well as document production.

The notification requirements in this bill will lead to additional costs to John Dempsey Hospital at the UConn Health Center. The hospital will have to produce free care notices in Spanish (currently, they are only in English). Additionally, the bill requires these notices to be included in all bills and collection notices sent out by the hospital or its collection agent. The additional costs from these requirements are expected to be minimal.

The specification that hospitals cannot start legal proceedings for collection until certain notification criteria have been met will lead to delays in debt collection activities at Dempsey Hospital and therefore delays in revenue received.

The bill would reduce from \$35 to \$20 the application fee for wage and property executions (this fee was increased to \$35 by PA 03-2).

This would result in an annual revenue loss to the General Fund of about \$270,000.

Before any judgment creditor can file a judgment application arising from services provided at a hospital, the bill requires the Superior Court to do the following: (1) issue an order for installment payments; (2) make a finding that the debtor has defaulted on payments under said order; and (3) lift any stay previously issued by the court. This requirement would increase the number of hearings held in these matters and could result in a future cost.

OLR Bill Analysis

sSB 568

AN ACT CONCERNING HOSPITAL BILLING PRACTICES**SUMMARY:**

This bill makes a number of changes to the laws governing hospital bed funds, hospital debt collection practices, and hospital services to, and payment for, uninsured patients.

The bill:

1. adds more detailed requirements to hospitals' filing of free care and reduced care information with the Office of Health Care Access (OHCA);
2. expands public notice requirements in hospitals about their bed funds including notices in English and Spanish and requires more trained hospital personnel on bed fund availability and application procedures;
3. requires written summaries about bed funds to be in English and Spanish, and to describe other free or reduced cost hospital policies concerning the indigent, and to notify patients that they can reapply if rejected;
4. requires collection agents, as well certain hospital personnel, to make bed fund summaries available, and requires hospitals to include a summary of the bed fund and other available financial assistance in all bills and collection notices;
5. requires that any payment from a bed fund for a medical service provided be calculated on the hospital's "cost of providing services" as defined in the bill;
6. requires a hospital to determine if a patient meets uninsured status when it determines whether he qualifies for bed funds or free or reduced care;

7. prohibits hospitals with bed funds from initiating legal proceedings against a patient for payment until certain conditions are met;
8. requires hospitals to file information annually with the attorney general and OHCA about their bed funds, as well as provide the information to living donors and other specified individuals and organizations;
9. establishes civil penalties for hospitals failing to file certain bed fund information;
10. requires hospitals to file annual debt collection reports with OHCA;
11. redefines "uninsured person" for purposes of hospital billing for services and collection;
12. requires OHCA to develop a standardized notice, in English and Spanish, summarizing hospitals' obligations concerning uninsured patients and to place such notice in all hospital bills and upon admission and discharge;
13. prohibits hospitals from starting legal proceedings for collection from patients until (a) the patient receives notice of all available public assistance for hospital bill payment and (b) it offers to assist the person;
14. requires hospitals and others involved in debt collection to discontinue such activities when it becomes aware that the debtor is eligible for bed funds or other financial assistance;
15. limits prejudgment and postjudgment interest on debt arising from hospital services to defined amounts;
16. makes the homestead exemption \$125,000 in the case of a money judgment for hospital services;
17. requires that an order for installment payments and a default on those payments occur before a judgment creditor can make an application to collect the judgment, in the case of hospital services rendered by a hospital; and

18. specifies that compliance with the installment payment stays any property execution or foreclosure, and limits weekly payments to no more than 5% of income.

EFFECTIVE DATE: October 1, 2003

HOSPITAL REPORT ON FREE CARE AND DEBT COLLECTION

By law, hospitals must file annually with OHCA their policies on free or reduced cost services to the indigent and its debt collection practices. The bill requires this report (presumably the filing) to include (1) the number of applicants for free and reduced care, (2) the number of approved applicants, and (3) the total and average values of the amount of free and reduced cost care provided. The total value of the free and reduced cost care must be reported at the "cost of providing services" (see below, "Payment From a Bed Fund").

HOSPITAL BED FUNDS

Hospital Bed Fund Defined

By law, a hospital bed fund refers to gifts of money, stock, other financial instruments, or other property made to establish a fund to provide medical care to patients at a hospital. A fund may be established by gift, bequest, subscription, solicitation, dedication, or any other means. This bill specifies that medical care, for purposes of a bed fund, includes both inpatient and outpatient care.

Information Posting; Staff Training

Under existing law, information on the bed fund must be posted conspicuously in public places of the hospital where patients are admitted. This includes the admissions office, emergency room, social services department, and the patient accounts or billing office. The information must be in plain language in a 48 to 72 point type. The information must include (1) notification that the bed funds exist and of the hospital's program to administer them and (2) the contact person for fund applications.

The bill requires the notice to be in English and Spanish and to also include notification that applications are available from any personnel in patient admissions and patient accounts or billing offices. The bill also requires hospitals to train their admissions officers and collection

agents, in addition to their social workers, discharge planners, and billing personnel, about the funds', requirements for disclosure to patients, eligibility requirements, and application procedures. The bill defines "collection agent" as a person employed by, or under contract to, a hospital, engaged in collecting payment from consumers for medical services provided by the hospital and including attorneys performing debt collection activities.

Written Summary

By law, hospitals must provide the public with a one-page summary describing the bed funds and how to apply for them. Applicants for bed fund assistance must receive written notification of any award or rejection of funds and the reasons for rejection. Patients who cannot pay any outstanding medical bill from the hospital must be allowed to apply or reapply for the funds.

This bill requires that the summary be in English and Spanish and available in a place and manner allowing for easy public access to it. The summary, under the bill, must also describe any other free or reduced cost policies for the indigent as reported by the hospital to OHCA as required by law. The bill requires this written summary to notify the patient that he is entitled to reapply after rejection and that additional funds may become available annually. Collection agents, as well as the hospital workers listed above, must make the summary available.

The bill requires every hospital having or administering a bed fund, as well as its collection agents, to include the summary in all bills and collections notices sent by the hospitals or its collection agents for amounts not covered by insurance.

Payment From a Bed Fund

The bill requires that any payment from a bed fund must be for a medical service. It must be calculated based on the hospital's "cost of providing services" which means its published charges at the time of billing, multiplied by the hospital's most recent relationship of costs to charges as taken from its most recent available annual filing with OHCA.

The bill requires that when a hospital determines whether a patient

qualifies for hospital bed funds or for free or reduced care according to its policies, the hospital must also determine whether the patient is uninsured and should be billed accordingly (see “Uninsured Patients” below).

Annual Compilation

Current law requires hospitals with bed funds to maintain and annually compile information on applications for bed funds, the number of patient accounts receiving bed funds, the fair market value of the principal of each fund, total earnings of each fund, and other related information. This information must be permanently retained by the hospital and made available to OHCA upon request.

This bill instead requires that this information be filed with the attorney general and OHCA within 60 days of the end of the hospital’s fiscal year. It also specifies that the number of patients, rather than patient accounts, receiving bed funds be compiled. The hospital, under the bill, must provide the compiled information annually to living donors and any donor-specified individuals or organizations with power to nominate patients to receive bed funds.

Initiation of Legal Proceedings

The bill prohibits a hospital with a bed fund from beginning any legal proceeding to collect money from a person for medical services until the hospital has given the person (1) the summary described above, (2) a bed fund application, and (3) a written notice in English and Spanish that collection proceedings can start 60 days after the notice’s date. The bill prohibits initiating legal proceedings until at least 60 days from the date of the notice.

Under the bill, this 60-day period is suspended if an individual applies for bed funds within that period. The 60-day period can only resume after the hospital gives the person written notice of any award or rejection of bed funds.

Civil Penalties

The bill establishes a civil penalty of up to \$5,000 for a hospital failing to file the required information. The attorney general can sue in Hartford Superior Court to recover the penalty and for appropriate injunctive relief to ensure compliance.

UNINSURED PATIENTS

Defining Uninsured

By law, hospitals providing services to an uninsured patient are prohibited from collecting from the patient more than the cost of providing the services (see above). Under current law, an “uninsured patient” is a person with income at or below 200% of the federal poverty level (FPL) who (1) has been denied eligibility for health care coverage under Medicaid or the general assistance program for failure to satisfy income or other eligibility requirements and (2) is not eligible for hospital service coverage under Medicare or CHAMPUS; Medicaid; any health insurance program of another nation, state, territory or commonwealth; or any other government or private health or accident insurance or benefit program.

The bill redefines “uninsured patient” to a person with income at or below 250% of FPL, or whose total annual medical bills from a short-term general hospital stay or stays, including physician, laboratory and other charges, exceed 20% of his income in the previous year. (The other definitional provisions remain the same.) The bill defines “income” as the federal adjusted gross income from the previous tax year, except that an unemployed person can ask that an estimate of the current year be used to make any determinations for these purposes.

Determination of Uninsured Status

The bill allows a patient to request that a hospital make a determination of his uninsured status based on earnings statements attached to paychecks, tax returns, unemployment insurance records, or other documents provided by the patient, or after receiving the patient’s application for hospital free care or bed funds. If so requested, the hospital must make this determination. The hospital must bill the patient reflecting the adjustment to cost as described above if it determines that a patient is uninsured.

Notice Requirement

The bill requires OHCA to develop a standard, plain language notice, in English and Spanish, summarizing hospitals’ obligations concerning uninsured patient status and the requirements that patients provide proof of income in order to qualify. The notice must be posted and

available as required for hospital bed fund summaries. The notice must be in all hospital bills to private patients, and made available to patients on admission, discharge, or at any time upon request. It must also be provided to any patient who has not provided income proof or has been denied third-party insurance coverage.

Legal Proceedings

The bill prohibits hospitals from initiating any legal proceeding to collect money from a patient for medical services until (1) the hospital has provided him with a Department of Social Services' written notice in English and Spanish describing in plain language all forms of public assistance available for hospital bill payment, income and other eligibility criteria, and application procedures and (2) the hospital has offered to assist the person with the application process.

Legal proceedings cannot begin until at least 60 days after he has received this information and assistance. If the person applies for any type of public assistance within the 60-day period, that period is suspended and does not resume until he receives written notification of eligibility or ineligibility for assistance. Notification must be in English and Spanish.

DEBT COLLECTION ACTIVITIES

Debt Collection Report

The bill requires each hospital to file an annual debt collection report with OHCA, beginning March 1, 2004, that includes (1) whether the hospital uses a collection agent to assist with debt collection; (2) the name of collection agents used; (3) the hospital's processes and policies for assigning debt to a collection agent and for compensation of the agent for his services; and (4) the recovery rate on accounts assigned to collection agents, not including Medicare accounts, for the most recent fiscal year.

Discontinuing Debt Collection

The bill requires a (1) hospital, (2) consumer collection agency acting for the hospital, (3) an attorney representing the hospital, or (4) any hospital employee or agent to discontinue collections efforts when they become aware that a hospital debtor receives information that he is eligible for hospital bed funds, free or reduced price hospital care, or

any other program that would eliminate or reduce debt liability. They must refer the collection file to the hospital for a determination of such eligibility and collection cannot resume until the determination is made.

Pre- and Postjudgment Interest

The bill limits prejudgment and postjudgment interest on debt arising out of hospital services provided to the lesser of 10% per year or the annual rate of increase for the most recent 12-month period in the "U.S. City Average Consumer Price Index on All Items" as published monthly by the Bureau of Labor Statistics. The bill specifies that an interest award is discretionary. Current law allows an interest rate of 10%.

Homestead Exemption

Current law exempts from attachment and postjudgment collections the homestead of an individual to a value of \$75,000. "Value" is the fair market value of the real estate minus the amount of any statutory or consensual lien that encumbers it.

In the case of a money judgment for hospital services, the bill makes the homestead exemption \$125,000.

Installment Payments to Satisfy Judgments

The bill provides that in the case of a judgment concerning hospital services, no application of a judgment creditor to collect a judgment can be made until the court has (1) issued an order for installment payments, (2) found that the debtor has defaulted on payments under the order, and (3) lifted the mandatory stay. The court must make a determination concerning noncompliance or default, and decide whether to modify the installment payment plan, continue it, or lift the stay. The bill defines "noncompliance or default" under an installment plan as missing four consecutive payments.

The bill also specifies that compliance with the installment payment order, in cases of judgments concerning hospital services, stays any property execution or foreclosure pursuant to that judgment. This includes executions on wages and bank accounts, and execution or foreclosure of real property. Under the bill, weekly payments are

limited to no more than 5% of income.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Report
Yea 13 Nay 9