



General Assembly

January Session, 2003

**Committee Bill No. 568**

LCO No. 4870

Referred to Committee on Public Health

Introduced by:  
(PH)

**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 Section 19a-649 of the general statutes is repealed and the  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 Section 19a-509b of the general statutes is repealed and the  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, the hospital shall also  
97 determine whether such patient is uninsured, as defined in section  
98 19a-673, as amended by this act, and should be billed under the terms  
99 described in section 19a-673, as amended by this act.

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

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

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

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

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

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

146 compensating such collection agent for services rendered, and (4) the  
147 recovery rate on accounts assigned to collection agents, exclusive of  
148 Medicare accounts, in the most recent hospital fiscal year.

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

151 (a) As used in this section:

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

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

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

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

176 but not limited to, workers' compensation and awards, settlements or  
177 judgments arising from claims, suits or proceedings involving motor  
178 vehicle accidents or alleged negligence.

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

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

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

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

206 (d) No hospital shall initiate any form of legal proceeding to collect

207 money from an individual for medical services rendered until (1) the  
208 hospital has provided the individual with a written notice in English  
209 and Spanish supplied by the Department of Social Services describing  
210 in plain language all forms of public assistance that may be available  
211 for payment of hospital expenses, the income and other criteria for  
212 eligibility for such assistance, and the application procedures for such  
213 assistance, and (2) the hospital has offered to assist the individual with  
214 the application process. No proceedings shall be initiated until at least  
215 sixty days after the individual has been provided with such  
216 information and assistance. If the individual applies for any form of  
217 public assistance within the sixty-day period, such period shall be  
218 suspended, and shall not be resumed until the individual is notified in  
219 writing in English and Spanish of eligibility or ineligibility for such  
220 assistance.

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

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

236       (a) Except as provided in sections 37-3b, 37-3c and 52-192a, interest  
237 at the rate of ten per cent a year, and no more, may be recovered and  
238 allowed in civil actions or arbitration proceedings under chapter 909,

239 including actions to recover money loaned at a greater rate, as  
240 damages for the detention of money after it becomes payable.  
241 Judgment may be given for the recovery of taxes assessed and paid  
242 upon the loan, and the insurance upon the estate mortgaged to secure  
243 the loan, whenever the borrower has agreed in writing to pay such  
244 taxes or insurance or both. Whenever the maker of any contract is a  
245 resident of another state or the mortgage security is located in another  
246 state, any obligee or holder of such contract, residing in this state, may  
247 lawfully recover any agreed rate of interest or damages on such  
248 contract until it is fully performed, not exceeding the legal rate of  
249 interest in the state where such contract purports to have been made or  
250 such mortgage security is located.

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

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

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

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

271 (a) (1) On application of a judgment creditor or his attorney, stating  
272 that a judgment remains unsatisfied and the amount due thereon, and  
273 subject to the expiration of any stay of enforcement and expiration of  
274 any right of appeal, the clerk of the court in which the money  
275 judgment was rendered shall issue an execution pursuant to this  
276 section against the nonexempt personal property of the judgment  
277 debtor other than debts due from a banking institution or earnings.  
278 The application shall be accompanied by a fee of twenty dollars  
279 payable to the clerk of the court for the administrative costs of  
280 complying with the provisions of this section which fee may be  
281 recoverable by the judgment creditor as a taxable cost of the action. In  
282 the case of a consumer judgment, the application shall indicate  
283 whether, pursuant to an installment payment order under subsection  
284 (b) of section 52-356d, as amended by this act, the court has entered a  
285 stay of execution and, if such a stay was entered, shall contain a  
286 statement of the judgment creditor or his attorney as to the debtor's  
287 default on payments. In the case of a judgment arising out of services  
288 provided at a hospital, no application shall be made until the court has  
289 (A) issued an order for installment payments in accordance with  
290 section 52-356d, as amended by this act, (B) made a finding that the  
291 debtor has defaulted on payments under the order, and (C) lifted the  
292 mandatory stay issued under section 52-356d, as amended by this act.  
293 The court shall make a determination concerning noncompliance or  
294 default, and decide whether to modify the installment payment plan,  
295 continue the installment payment plan, or lift the stay. For purposes of  
296 this subdivision, "noncompliance" or "default" under an installment  
297 plan is defined as four consecutive missed payments. The execution  
298 shall be directed to any levying officer.

299 (2) The property execution shall require a proper levying officer to  
300 enforce the money judgment and shall state the names and last-known  
301 addresses of the judgment creditor and judgment debtor, the court in  
302 which and the date on which the money judgment was rendered, the  
303 original amount of the money judgment and the amount due thereon,  
304 and any information which the judgment creditor considers necessary

305 or appropriate to identify the judgment debtor. The property execution  
306 shall notify any person served therewith that the judgment debtor's  
307 nonexempt personal property is subject to levy, seizure and sale by the  
308 levying officer pursuant to the execution and, if the judgment debtor is  
309 a natural person, shall be accompanied by a notice of judgment debtor  
310 rights as prescribed by section 52-361b and a notice to any third person  
311 of the manner, as prescribed by subdivision (4) of this subsection, for  
312 complying with the execution.

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

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

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

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

335 (C) With respect to a judgment debtor who is a natural person, if

336 such personal property, including any debt owed, is in the possession  
337 of a third person, the levying officer shall serve that person with two  
338 copies of the execution, required notices and claim forms. On receipt of  
339 such papers, the third person shall forthwith mail a copy thereof  
340 postage prepaid to the judgment debtor at the last-known address of  
341 record with the third person and shall withhold delivery of the  
342 property or payment of the debt due to the levying officer or any other  
343 person for twenty days. On expiration of the twenty days, the third  
344 person shall forthwith deliver the property or pay the debt to the  
345 levying officer provided (i) if an exemption claim has been filed in  
346 accordance with subsection (d) of section 52-361b, the property shall  
347 continue to be withheld subject to determination of the claim and (ii) if  
348 a debt is not yet payable, payment shall be made when the debt  
349 matures if within four months after issuance of the execution.

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

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

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

365 (8) If the judgment debtor has left the state prior to service of the  
366 execution or if he cannot otherwise be found with reasonable effort at  
367 his last-known address in this state, the levying officer shall proceed

368 with the levy after (A) making demand for payment at such last-  
 369 known address and on any agent or attorney of the judgment debtor of  
 370 record with the clerk of the Superior Court and (B) making a  
 371 reasonable effort to ascertain and provide notice of the execution at  
 372 any forwarding address.

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

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

This act shall take effect as follows:	
Section	<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 Purpose:**

To require hospitals to provide more detailed reporting on free care and bad debt, to provide protections for hospital patients from certain debt collection practices, and to strengthen existing fair pricing protections for uninsured hospital patients.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: SEN. LOONEY, 11th Dist.; SEN. HARP, 10th Dist.

S.B. 568