



General Assembly

January Session, 2003

Amendment

LCO No. 6516

SB0056806516SD0

Offered by:

SEN. MURPHY, 16th Dist.

SEN. LOONEY, 11th Dist.

SEN. HARP, 10th Dist.

To: Subst. Senate Bill No. 568

File No. 537

Cal. No. 331

"AN ACT CONCERNING HOSPITAL BILLING PRACTICES."

1 Strike everything after the enacting clause and insert the following
2 in lieu thereof:

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 Section 19a-649 of the general statutes is repealed and the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

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

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

26 (b) Each hospital shall annually report, along with data submitted
27 pursuant to subsection (a) of this section, (1) the number of applicants
28 for free and reduced cost services, (2) the number of approved
29 applicants, and (3) the total and average charges and costs of the
30 amount of free and reduced cost care provided.

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 Section 19a-509b of the general statutes is repealed and the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 and
54 (B) the person to contact for application information.

55 (2) Each hospital which has a hospital bed fund shall train staff,
56 including but not limited to, hospital social workers, discharge
57 planners and billing personnel concerning the existence of such fund,
58 the eligibility requirements and the procedures for application.

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

78 (d) Each hospital which holds or administers one or more hospital
79 bed funds shall require its collection agents to include a summary as

80 provided in subsection (c) of this section in all bills and collection
81 notices sent by such collection agents.

82 [(d)] (e) Applicants for assistance from hospital bed funds shall be
83 notified in writing of any award or any rejection and the reason for
84 such rejection. Patients who cannot pay any outstanding medical bill at
85 the hospital shall be allowed to apply or reapply for hospital bed
86 funds.

87 [(e)] (f) Each hospital which holds or administers one or more
88 hospital bed funds shall maintain and annually compile, at the end of
89 the fiscal year of the hospital, the following information: (1) The
90 number of applications for hospital bed funds; (2) the number of
91 [patient accounts] patients receiving hospital bed fund grants and the
92 actual dollar amounts provided to each patient from such fund; (3) the
93 fair market value of the principal of each individual hospital bed fund,
94 or the principal attributable to each bed fund if held in a pooled
95 investment; (4) the total earnings for each hospital bed fund or the
96 earnings attributable to each hospital bed fund; (5) the dollar amount
97 of earnings reinvested as principal if any; and (6) the dollar amount of
98 earnings available for patient care. The information compiled pursuant
99 to this subsection shall be permanently retained by the hospital and
100 made available to the Office of Health Care Access upon request.

101 Sec. 3. (NEW) (*Effective October 1, 2003*) (a) No hospital shall refer to
102 a collection agent, as defined in section 19-509b of the general statutes,
103 as amended by this act, or initiate an action against an individual
104 patient or such patient's estate to collect fees arising from care
105 provided at a hospital on or after October 1, 2003, unless the hospital
106 has made a determination that such individual is an uninsured patient,
107 as defined in section 19a-673 of the general statutes, as amended by
108 this act, and is not eligible for the hospital bed fund.

109 (b) Nothing in this section shall effect a hospital's ability to initiate
110 an action against an individual patient or such patient's estate to collect
111 coinsurance, deductibles or fees arising from care provided at a

112 hospital where such coinsurance, deductibles or fees may be eligible
113 for reimbursement through awards, settlements or judgments arising
114 from claims, suits or proceedings. In addition, nothing in this section
115 shall affect a hospital's ability to initiate an action against an individual
116 patient or such patient's estate where payment or reimbursement has
117 been made, or likely is to be made, directly to the patient.

118 Sec. 4. (NEW) (*Effective October 1, 2003*) On or before March 1, 2004,
119 and annually thereafter, each hospital shall file with the Office of
120 Health Care Access a debt collection report that includes (1) whether
121 the hospital uses a collection agent, as defined in section 19a-509b of
122 the general statutes, as amended by this act, to assist with debt
123 collection, (2) the name of any collection agent used, (3) the hospital's
124 processes and policies for assigning a debt to a collection agent and for
125 compensating such collection agent for services rendered, and (4) the
126 recovery rate on accounts assigned to collection agents, exclusive of
127 Medicare accounts, in the most recent hospital fiscal year.

128 Sec. 5. Section 19a-673 of the general statutes is repealed and the
129 following is substituted in lieu thereof (*Effective October 1, 2003*):

130 (a) As used in this section:

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

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

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

141 (4) "Uninsured patient" means any person who is liable for one or

142 more hospital charges whose income is at or below two hundred fifty
143 per cent of the poverty income guidelines who (A) has applied and
144 been denied eligibility for any medical or health care coverage
145 provided under the general assistance program or the Medicaid
146 program due to failure to satisfy income or other eligibility
147 requirements, and (B) is not eligible for coverage for hospital services
148 under the Medicare or CHAMPUS programs, or under any Medicaid
149 or health insurance program of any other nation, state, territory or
150 commonwealth, or under any other governmental or privately
151 sponsored health or accident insurance or benefit program including,
152 but not limited to, workers' compensation and awards, settlements or
153 judgments arising from claims, suits or proceedings involving motor
154 vehicle accidents or alleged negligence.

155 (b) No hospital that has provided health care services to an
156 uninsured patient may collect from the uninsured patient more than
157 the cost of providing services.

158 (c) Prior to referring a patient account to a collection agent, as
159 defined in section 19a-509b, as amended by this act, a hospital shall
160 provide written notice to such patient as to whether the hospital deems
161 the patient an insured patient or an uninsured patient as defined in
162 subsection (a) of this section and the reasons for such determination.

163 Sec. 6. (NEW) (*Effective October 1, 2003*) If, at any point in the debt
164 collection process, whether before or after the entry of judgment, a
165 hospital, a consumer collection agency acting on behalf of the hospital,
166 an attorney representing the hospital or any employee or agent of the
167 hospital becomes aware that a debtor from whom the hospital is
168 seeking payment for services rendered receives information that the
169 debtor is eligible for hospital bed funds, free or reduced price hospital
170 services, or any other program which would result in the elimination
171 of liability for the debt or reduction in the amount of such liability, the
172 hospital, collection agency, attorney, employee or agent shall promptly
173 discontinue collection efforts and refer the collection file to the hospital
174 for determination of such eligibility. The collection effort shall not

175 resume until such determination is made.

176 Sec. 7. Section 37-3a of the general statutes is repealed and the
177 following is substituted in lieu thereof (*Effective October 1, 2003*):

178 (a) Except as provided in sections 37-3b, 37-3c and 52-192a, interest
179 at the rate of ten per cent a year, and no more, may be recovered and
180 allowed in civil actions or arbitration proceedings under chapter 909,
181 including actions to recover money loaned at a greater rate, as
182 damages for the detention of money after it becomes payable.
183 Judgment may be given for the recovery of taxes assessed and paid
184 upon the loan, and the insurance upon the estate mortgaged to secure
185 the loan, whenever the borrower has agreed in writing to pay such
186 taxes or insurance or both. Whenever the maker of any contract is a
187 resident of another state or the mortgage security is located in another
188 state, any obligee or holder of such contract, residing in this state, may
189 lawfully recover any agreed rate of interest or damages on such
190 contract until it is fully performed, not exceeding the legal rate of
191 interest in the state where such contract purports to have been made or
192 such mortgage security is located.

193 (b) In the case of a debt arising out of services provided at a
194 hospital, prejudgment and postjudgment interest shall be no more
195 than five per cent per year. The awarding of interest in such cases is
196 discretionary.

197 Sec. 8. Subsection (t) of section 52-352b of the general statutes is
198 repealed and the following is substituted in lieu thereof (*Effective*
199 *October 1, 2003*):

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

206 Sec. 9. Subsection (a) of section 52-356a of the general statutes is
207 repealed and the following is substituted in lieu thereof (*Effective*
208 *October 1, 2003*):

209 (a) (1) On application of a judgment creditor or his attorney, stating
210 that a judgment remains unsatisfied and the amount due thereon, and
211 subject to the expiration of any stay of enforcement and expiration of
212 any right of appeal, the clerk of the court in which the money
213 judgment was rendered shall issue an execution pursuant to this
214 section against the nonexempt personal property of the judgment
215 debtor other than debts due from a banking institution or earnings.
216 The application shall be accompanied by a fee of twenty dollars
217 payable to the clerk of the court for the administrative costs of
218 complying with the provisions of this section which fee may be
219 recoverable by the judgment creditor as a taxable cost of the action. In
220 the case of a consumer judgment, the application shall indicate
221 whether, pursuant to an installment payment order under subsection
222 (b) of section 52-356d, as amended by this act, the court has entered a
223 stay of execution and, if such a stay was entered, shall contain a
224 statement of the judgment creditor or his attorney as to the debtor's
225 default on payments. In the case of a judgment arising out of services
226 provided at a hospital, no application shall be made until the court has
227 (A) issued an order for installment payments in accordance with
228 section 52-356d, as amended by this act, (B) made a finding that the
229 debtor has defaulted on payments under the order, and (C) lifted the
230 mandatory stay issued under section 52-356d, as amended by this act.
231 The court shall make a determination concerning noncompliance or
232 default, and decide whether to modify the installment payment plan,
233 continue the installment payment plan, or lift the stay. The execution
234 shall be directed to any levying officer.

235 (2) The property execution shall require a proper levying officer to
236 enforce the money judgment and shall state the names and last-known
237 addresses of the judgment creditor and judgment debtor, the court in
238 which and the date on which the money judgment was rendered, the
239 original amount of the money judgment and the amount due thereon,

240 and any information which the judgment creditor considers necessary
241 or appropriate to identify the judgment debtor. The property execution
242 shall notify any person served therewith that the judgment debtor's
243 nonexempt personal property is subject to levy, seizure and sale by the
244 levying officer pursuant to the execution and, if the judgment debtor is
245 a natural person, shall be accompanied by a notice of judgment debtor
246 rights as prescribed by section 52-361b and a notice to any third person
247 of the manner, as prescribed by subdivision (4) of this subsection, for
248 complying with the execution.

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

253 (4) The levying officer shall personally serve a copy of the execution
254 on the judgment debtor and make demand for payment by the
255 judgment debtor of all sums due under the money judgment. On
256 failure of the judgment debtor to make immediate payment, the
257 levying officer shall levy on nonexempt personal property of the
258 judgment debtor, other than debts due from a banking institution or
259 earnings, sufficient to satisfy the judgment, as follows:

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

263 (B) With respect to a judgment debtor who is not a natural person, if
264 such personal property, including any debt owed, is in the possession
265 of a third person, the levying officer shall serve that person with a
266 copy of the execution and that person shall forthwith deliver the
267 property or pay the amount of the debt due or payable to the levying
268 officer, provided, if the debt is not yet payable, payment shall be made
269 when the debt matures if within four months after issuance of the
270 execution;

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

272 such personal property, including any debt owed, is in the possession
273 of a third person, the levying officer shall serve that person with two
274 copies of the execution, required notices and claim forms. On receipt of
275 such papers, the third person shall forthwith mail a copy thereof
276 postage prepaid to the judgment debtor at the last-known address of
277 record with the third person and shall withhold delivery of the
278 property or payment of the debt due to the levying officer or any other
279 person for twenty days. On expiration of the twenty days, the third
280 person shall forthwith deliver the property or pay the debt to the
281 levying officer provided (i) if an exemption claim has been filed in
282 accordance with subsection (d) of section 52-361b, the property shall
283 continue to be withheld subject to determination of the claim, and (ii) if
284 a debt is not yet payable, payment shall be made when the debt
285 matures if within four months after issuance of the execution.

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

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

294 (7) Subject to the provisions of section 52-328, if the property to be
295 executed against is already subject to an attachment, garnishment or
296 judgment lien of the judgment creditor as security for that judgment,
297 the priority of the execution shall hold from the date of perfecting of
298 the attachment, garnishment or other lien. A sale pursuant to the
299 execution forecloses any interest acquired as a result of the attachment,
300 garnishment or judgment lien.

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

304 with the levy after (A) making demand for payment at such last-
 305 known address and on any agent or attorney of the judgment debtor of
 306 record with the clerk of the Superior Court, and (B) making a
 307 reasonable effort to ascertain and provide notice of the execution at
 308 any forwarding address.

309 Sec. 10. Subsection (b) of section 52-356d of the general statutes is
 310 repealed and the following is substituted in lieu thereof (*Effective*
 311 *October 1, 2003*):

312 (b) In the case of a consumer judgment, the court may provide that
 313 compliance with the installment payment order, other than with an
 314 order for nominal payments pursuant to subsection (c) of this section,
 315 shall stay any property execution or foreclosure pursuant to that
 316 judgment, provided such a stay is reasonable considering the nature of
 317 the debt and the financial circumstances of the judgment debtor. In the
 318 case of a judgment arising out of services provided at a hospital, (1) the
 319 court shall provide that compliance with the installment payment
 320 order shall stay any property execution or foreclosure pursuant to that
 321 judgment, including, but not limited to, execution on wages, execution
 322 on bank accounts, and execution on or foreclosure of real property,
 323 and (2) weekly payments shall be no more than five per cent of
 324 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>
Sec. 10	<i>October 1, 2003</i>