

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

sSB-683

AN ACT CONCERNING HOSPITAL BILLING AND COLLECTION EFFORTS BY HOSPITALS AND COLLECTION AGENCIES.

## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
UConn Health Ctr.	Various - Revenue Loss	Potential Significant	Potential Significant

Note: Various=Various

***Municipal Impact:*** None

### ***Explanation***

The bill, which affects collections for hospitals and entities affiliated with them, is anticipated to result in a loss in net patient revenue to the UConn Health Center that is potentially significant, beginning in FY 22. As the bill is effective beginning October 1, 2021, the FY 22 revenue loss is anticipated to be three-quarters of the annual revenue loss.

**Section 1** prevents hospitals or affiliated entities from collecting from an underinsured patient more than the cost of providing services (as defined in statute) plus interest. The bill defines an underinsured patient as one who is insured under an IRS-qualified high deductible health plan and whose income is at or below 600 percent of poverty guidelines. Data from the Kaiser Family Foundation indicates that nationally, 23 percent of employees who are insured through employer-based health insurance are enrolled in such a plan.<sup>1</sup>

---

<sup>1</sup> "2019 Employer Health Benefits Survey, Section 8: High-Deductible Health Plans with Savings Option," Kaiser Family Foundation, September 25, 2019. Accessed April 13, 2021 at: <https://www.kff.org/report-section/ehbs-2019-section-8-high-deductible-health-plans-with-savings-option/>

Therefore, a substantial portion of UConn Health net patient revenues may be impacted by this provision. The extent of the revenue loss to UConn Health depends on the difference between current billing practices and the cost of providing services plus interest, along with the billing volume associated with underinsured patients.

Section 1 also extends an existing limitation on hospital collections from uninsured patients to include entities affiliated with a hospital, such as UConn Health's University Medical Group (UMG). Currently, UConn Health's affiliated entities provide uninsured patients or other self-pay patients with a 40 percent discount. Therefore, the extent of revenue loss from this provision depends on the difference between the current discounted price and the cost of providing services. However, there is some uncertainty regarding implementation of this provision as the bill's definition of "cost of providing services" does not apply to some services provided by UConn Health's affiliated entities. Among all Connecticut residents, approximately six percent are uninsured, according to the Kaiser Family Foundation.<sup>2</sup>

**Section 2** makes several changes specific to hospital and affiliated entity bills that have been unpaid and sent to collections. One such change prohibits the reporting of any patient with an unpaid bill, to a credit rating agency, before a year has passed since the patient first received a bill. Currently, UConn Health and its entities send unpaid bills to a collection agency for assistance between approximately 70 days and several months. UConn Health reports that FY 19 annual revenues from such collections were approximately \$1 million, and that the likelihood of receiving payment declines as time passes. To the extent that sending unpaid patient bills to collections cannot be decoupled from reporting these patients to a credit rating agency, and consequently more time must pass before bills are sent to collections, then UConn Health will experience a revenue loss of less than \$1

---

<sup>2</sup> "Health Insurance Coverage of the Total Population, 2019," Kaiser Family Foundation. Accessed April 13, 2021 at: <https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

million annually.

Other Section 2 changes as well as those within Section 3 are not anticipated to affect current UConn Health practices and therefore will have no fiscal impact.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to health care cost inflation, unpaid bill volume, and changes in UConn Health's patient mix, in terms of uninsured and underinsured patients.