

Public Health Committee JOINT FAVORABLE REPORT

Bill No.: SB-683

AN ACT CONCERNING HOSPITAL BILLING AND COLLECTION EFFORTS BY

Title: HOSPITALS AND COLLECTION AGENCIES.

Vote Date: 3/26/2021

Vote Action: Joint Favorable

PH Date: 3/24/2021

File No.: 447

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SPONSORS OF BILL:

Public Health Committee
Sen. Martin Looney

REASONS FOR BILL:

SB 683 makes numerous changes to existing laws on billing and collection efforts by hospitals and their collections agents. This bill:

- extends certain existing hospital collection laws to entities that are owned by, or affiliated with, hospitals, such as prohibiting them from collecting from an uninsured patient more than the cost of providing the services;
- prohibits hospitals or related entities from collecting from an underinsured patient more than the cost of providing the services plus interest, capped at a maximum of 5% annually;
- limits when hospitals or related entities can refer an underinsured patient's unpaid bill to a collection agency or bring an action against the patient or his or her estate;
- prohibits hospitals, related entities, and collection agents from (a) reporting a patient to a credit reporting agency until at least a year after the patient receives the bill; (b) bringing an action to foreclose on a patient's primary residence; or (c) if the patient is eligible for the hospital bed fund, attempting to garnish his or her wages; and
- requires hospitals, related entities, and collection agents to discontinue collection activities if they become aware that a hospital debtor has requested review of an adverse insurance determination and has not yet received a final determination.

RESPONSE FROM ADMINISTRATION/AGENCY:

Senator Martin Looney, President Pro Tempore:

I testify in strong support of SB 683. Passage of this legislation would limit how much hospitals or their collection agent may recover from an uninsured or underinsured patient for unpaid cost of health care and the method by which they may go about collecting said outstanding balance. This bill would also change provisions concerning hospital billing practices to protect patients who receive health care at outpatient clinics that are owned by or affiliated with hospitals.

Abusive hospital billing and collection practices were previously addressed with the passage of PA 03-266 which included limiting the interest on debt to 5%, increasing the income level for uninsured persons who can be billed only costs (rather than charges), increasing the homestead exemption from \$75,000 to \$125,000 in the case of a money judgment, increasing the transparency regarding free bed fund policies and availability, limiting the use of collection agents, and increasing the reporting requirements on these activities.

Although several hospital patients have benefited from the provisions of PA 03-266, the law should be amended to reflect the many changes that have occurred in our health system since 2003. Many patients who receive care at out-patient care at facilities that are owned by hospital systems are billed by the hospitals. Passage of SB 683 would guarantee patients benefit from the protections established in the 2003 law. The site of service should not determine whether a patient is financially protected.

Ted Doolittle, Healthcare Advocate, The Office of Healthcare Advocate (OHA):

The Office of Health Care Advocate strongly support this bill which proposes reforms that would offer relief for thousands of Connecticut residents who are dealing with debt collection practices arising from the lack of health insurance or from underinsurance that leaves them with more financial liability than they can afford. Applying the billing and collections practices to both hospitals and collection agents who may or may not be affiliated with hospitals will prevent the forming or hiring a separate corporate entity to collect the medical debt.

Statutorily defining "underinsured" individuals will protect consumers by: limiting the interest rate that a hospital or collection agent may charge an uninsured person for medical debt, which will often be less than the 5% maximum currently in statute; protecting an uninsured person's paycheck from garnishment, and their residence from foreclosure; requiring a hospital to identify whether a debtor is eligible for charity care before referring the debtor's case to a collection agent or initiating legal action to collect the debt; staying collection efforts while an underinsured patient pursues an appeal with their insurance company; and prohibiting a hospital or collection agent from reporting an underinsured person's debt to a credit reporting agency for at least a year.

These provisions will protect health care consumers who cannot afford the high deductibles and out of pocket costs that are required by many health insurance plans. Consumers should not have to worry about losing their house when they take a loved one to the hospital for care.

We have included suggested language in our testimony that will make this bill better and more effective at protecting consumers.

NATURE AND SOURCES OF SUPPORT:

Universal Health Care Foundation of Connecticut:

Universal Health Care Foundation of Connecticut appreciate the goal of the proposal to improve existing law to protect health care consumers from unaffordable and potentially ruinous hospital bills. High hospital prices pose a major financial risk to the residents of

Connecticut, even to those with health insurance coverage.

Stipulating that these protections apply to health care services received in outpatient settings is very important since more care is delivered in these facilities. The finding of a recent study revealed hospital prices charged to privately insured patients tend to be much higher than inpatient prices when compared to benchmark of Medicare rates. See the list outlined in our testimony.

Passage of SB 683 will also provide protection for hundreds of thousands of Connecticut's residents who are underinsured. The increasing prevalence of high deductible health plans means consumers will be responsible for more of the cost of their care. A recent survey of Connecticut residents showed 51% of adults experienced a health care affordability problem in the last year, and 3 in 4 adults (74%) reported being "worried" or "very worried" about affording some aspect of health care in the future.

Universal Health Care Foundation of Connecticut support lowering the interest rate below the current 9%. The Committee should also consider lowering the statute of limitation on medical debt court cases. New York decreased theirs from 6 years to 3 years in 2020.

NATURE AND SOURCES OF OPPOSITION:

Connecticut Hospital Association (CHA):

Connecticut Hospital Association appreciates this opportunity to submit testimony concerning SB 683. Connecticut hospitals are guided by their mission of caring for patients 24 hours a day, seven days a week, regardless of patients' ability to pay, and they have a long tradition of providing charity care and financial assistance to patients in need.

SB 683 proposes to limit the amount a hospital may collect from an individual who is insured under a high deductible health plan (HDHP) and restrict the method by which a hospital may collect unpaid bills for healthcare services provided. These proposed changes do not reflect the recommendations of the 2019 task force established by the General Assembly to conduct a study on the impact HDHPs on consumers, they are unfairly focused on hospitals, and they create new financial restrictions that will unduly impede a hospital's ability to achieve its mission of caring.

In February 2020, the task force issued its report and recommendations noting that the task force heard how high deductibles prevent people from getting the healthcare services that they need. Nowhere among the recommendations did the task force propose to limit the amount a hospital may collect from an individual who is insured under an HDHP or prescribe the method by which a hospital collects on unpaid medical bills. On the contrary, while the report did acknowledge that for a certain segment of the population HDHP deductibles may lead to unmanageable medical debt, it did not see the solution as hospital focused.

We encourage additional review of the task force's report. On February 16, 2021 the Insurance and Real Estate Committee raised a bill titled, "An Act Implementing Recommendations of the High Deductible Task Force." Last week the Committee heard SB 1049, An Act Concerning High Deductible Health Plans, which provides for calculating deductibles on a calendar-year basis. This will simplify those deductibles for consumers and is an important first step.

CHA is committed to sustaining and improving access to high quality healthcare services across our state. We appreciate that affordability is central to that commitment and every actor in the system. Unfortunately, this legislation will not put our state on a path to address affordability in our healthcare system.

Reported by: Beverley Henry

Date: 4-14-2021