

# Public Health Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-6740

**Title:** AN ACT CONCERNING HOSPITAL FINANCIAL POLICIES.

**Vote Date:** 3/27/2023

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/6/2023

**File No.:**

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## **SPONSORS OF BILL:**

The Public Health Committee.

## **REASONS FOR BILL:**

Medical debt is a major contributor to the cycle of economic and health inequity. Many low-income families are faced with medical costs most often the result of emergencies or unforeseen hospitalizations. Unfortunately, due to a lack of awareness and bureaucratic red tape, many families who may be eligible for financial assistance do not engage in the process and as a result are burdened with unaffordable medical debt.

This bill makes various changes to hospital financial assistance policies by providing the following:

- Requires hospitals to provide financial assistance for all necessary medical services and supplies to any patient, regardless of immigration status, who is enrolled in Supplemental Nutrition Assistance Program (SNAP) or Women, Infants and Children (WIC) provided that the verified household income of the patient does not exceed 250% of the federal poverty level.
- Prohibits hospitals from requiring that a patient apply for Medicaid, Medicare or other government -funded coverage before a patient qualifies for such assistance.
- Requires the Office of Health Strategy (OHS) in consultation with the hospital association to establish a standardized financial assistance application.
- Requires hospitals to provide the application to any patient it reasonably believes may not be able to pay for services.
- Allows the attorney general to investigate any alleged violations.
- Expands the information hospitals must provide annually to OHS on their financial assistance policies regarding race, ethnicity and insurance status of patients who

applied for assistance; were granted assistance; were referred to collection; and were sued to collect debt.

In addition, this bill stipulates the following:

- Prohibits hospitals from referring to collection agents, or bringing court action against, any patient unless the hospital determined that the patient is uninsured and not eligible for financial assistance.
- Requires hospitals to make available a one- page plain language summary explaining its assistance policy and that it be available in each language spoken by at least 5% of the population residing the hospital's service area.
- Requires hospitals to offer payment plans that would total no more than 2% of a patient's household annual income.
- Prohibits hospitals or collection agencies from charging interest on the medical debt of patients eligible for financial assistance.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

### **The Department of Social Services (DSS):**

DSS is generally supportive of the goal of this bill to ensure that low-income individuals are not burdened with significant medical debt. However, DSS wishes to better understand the goals of Section 3. A person who is enrolled in SNAP is very likely to be eligible for Medicaid coverage, thus, this would be a hospital's "reasonable basis" to seek out Medicaid coverage. The same can be expected regarding WIC (although citizenship/immigration status eligibility varies between these programs). Additionally, DSS points out that individuals who could qualify for Medicaid regarding income, might not qualify based on citizenship or immigration status but could potentially receive assistance through emergency Medicaid. It appears that, as written, this bill limits a hospital's ability to assist patients in securing Medicaid and thus could be a lost opportunity for both the patient and the hospital. Given these concerns, DSS cannot support the bill in its current form.

### **William Tong, Attorney General, State of Connecticut:**

Mr. Tong points out that hospitals are exempt from taxes on real estate that amounts to \$212 million in lost revenue to Connecticut's cities and towns. This amount does not include the additional local taxes on equipment or corporate sales taxes that would be paid to the state. In exchange for this lucrative benefit, hospitals are required to provide financial assistance to patients in need. Unfortunately, due to a lack of information and a confusing process, many families who should receive this assistance do not. Mr. Tong's office has heard from low-income patients who faced bureaucratic hurdles when trying to learn about and qualify for financial assistance. He cites a report from John's Hopkins that was studying this issue in North Carolina. This study found that one of the major weaknesses in that state's hospital financial assistance program was lack of enforcement. Also, he points out that Connecticut's requirements to provide financial assistance are considerably weaker than in some other states. Mr. Tong supports this bill aimed at simplifying, standardizing and improving hospital financial assistance to low-income patients.

### **Deidre Giffird, MD, Executive Director of the Office of Health Strategy (OHS):**

While OHS supports the broad objectives of this proposal, the bill in its current form would create new responsibilities for OHS which are not contemplated by the Governor's proposed budget and surpass our existing resources. Specifically, the resources needed to develop a

new application as well as analyze the data requested to be collected in Section 4 of the bill. OHS also suggests that a pilot program to study the expansion of this assistance to include "underinsured patients" would provide a better understanding of the magnitude of those in this group and the amount of debt they are incurring. For these reasons, OHS cannot support the bill as written.

**Ted Doolittle, Office of the Healthcare Advocate (OHA):**

OHA supports this bill as it addresses concerns that consumers have been struggling with over the ever-increasing prices that larger consolidated hospitals and health care systems have been able to command from health insurers and employers. Even insured consumers have felt the stress of paying high deductibles. 90% of individuals never meet their deductible in a plan year yet must continue to pay premiums that have grown well in excess of inflation. This bill would protect the most vulnerable category of consumer who find themselves burdened with a large, unexpected hospital bill.

**NATURE AND SOURCES OF SUPPORT:**

**LIZ DUPONT-DIEHL, ASSOCIATE DIRECTOR OF THE CT CITIZEN'S ACTION GROUP (CCAG):**

CCAG supports this bill as a critical first step in addressing medical debt that is burdening too many Connecticut families impacting their ability to secure housing, food and other necessities and thereby impacting our entire economy and ability to thrive as a state. While CCAG supports this proposal, it is important to note that these measures do not address the underlying problem that allows medical debt to accumulate at such an unacceptable rate in the first place.

**Timothy Gabriele, Board Member of Medicare for All CT:**

Medicare- for- All supports this proposal as it provides a streamlined financial assistance program that must be adopted by all hospitals with tracking mechanisms and a standard of accountability that could be measured and revisited for improvement in future years. Providing a notice of this program on hospital bills, gives patients an opportunity to avoid punishing debt or collections. By bringing this process under the supervision of the state, it will ensure that hospitals are doing their part to deliver healthcare to all patients in need.

**Ayesha Clarke, Interim Executive Director; Karen Siegel, Director of Policy & Ichchha Pradham, Policy and Advocacy Specialist, Health Equity Solutions (HES):**

HES strongly supports this effort to stop unnecessary medical debt from occurring and respectfully recommends one change to the language in Section 4(b) to add: "a requirement that the total charity care costs be reported at Medicare rates or 125% of Medicare rates to standardize how hospitals report the amount they spend on financial assistance and ensure comparisons between hospitals is possible".

**Rev. Alexander Garbera, Acting President, The Guardian Health Association:**

Rev. Garbera shared his personal experience with medical debt and believes approaches as outlined in this bill are a start. Providing access to medical and necessary support services will result in cost savings for the state, prevent patient financial devastation, and address larger issues such as intergenerational poverty and trauma.

**Rabera Sharon, Program Lead for Health Justice Organizing & Advocacy, Universal Health Care Foundation of CT:**

Financial assistance policies help reduce medical debt which is a major factor in the cycle of economic and health inequity. This bill will help alleviate this situation.

**NATURE AND SOURCES OF OPPOSITION:**

**Connecticut Hospital Association (CHA):**

CHA listed its objections to this bill:

- Connecticut hospitals already provide discounted care to underinsured individuals
- Hospitals currently make patients aware of financial assistance programs and ensure that staff are well prepared and trained to articulate these policies to patients.
- CHA believes one of the key issues that this bill is trying to address is high deductible insurance products. By asking hospitals to subsidize these products, this bill would provide an incentive for insurers to expand the use of these policies and could encourage the sale of flawed insurance plans that do not cover basic medical need and promote medical debt.
- There are serious practical barriers to implementing this policy that requires tracking of household income and medical liability for insured individuals when both can change over time.
- The focus of this bill is overly narrow and unfairly directed at hospitals. If this bill is trying to reduce medical debt, then it must address the combined costs across multiple services including pharmacy, physician services, home care, ambulance and ambulatory surgery.

**Vincent Capece, President and CEO of Middlesex Health:**

Mr. Capece points out that Middlesex strives to ensure that inability to pay for services does not prevent anyone from seeking needed medical care. Middlesex works hard to ensure that all eligible patients are aware of our financial assistance policies and fully exhaust eligibility options to meet statutory requirements for free and reduced cost of care. This bill limits what hospitals are permitted to collect from underinsured patients and in doing so, undermines the basic expectation of health insurance products that are the foundation of individual and employer sponsored coverage. Such action could result in the sale of flawed insurance plans that don't cover basic medical need and could lead to medical debt.

**The following hospitals submitted testimony expressing the same objections to this bill as listed above:**

- Jackie Blake, Yale New Haven Health System
- Jennifer Schneider, Regional Chief Financial Officer, Trinity Health
- Hartford Healthcare

**Reported by: Kathleen Panazza**

**Date: April 4, 2023**

