



MCHC
Metropolitan Chicago
Healthcare Council

222 South Riverside Plaza
Chicago, Illinois 60606-6010
Telephone (312) 906-6000
Facsimile (312) 993-0779
<http://www.mchc.org>

Illinois Hospital Association

1151 E. Warrenville Road
P.O. Box 3015
Naperville, IL 60566
Telephone (630) 505-7777
<http://www.ihatoday.org>

**REPORT OF THE TASK FORCE ON
CHARITY CARE AND COLLECTION PRACTICES FOR THE UNINSURED
of the
ILLINOIS HOSPITAL ASSOCIATION
and the
METROPOLITAN CHICAGO HEALTHCARE COUNCIL**

**Adopted by the Board of Trustees of the Illinois Hospital Association
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Introduction: Why Now?

In recent months, hospitals across the nation and in Illinois have been accused of overbilling uninsured, poor, and immigrant patients and using aggressive collection practices. In Illinois the charge has been led by a coalition of labor union and immigrant groups. One of these unions, the Service Employees International Union (SEIU), is seeking to organize the employees of Advocate Health Care. In the publications of its Hospital Accountability Project, SEIU has singled out Advocate hospitals for alleged “discriminatory pricing,” “price gouging,” and aggressive collection practices. The project claims that Chicago-area Latino immigrants are disproportionately affected because they are more likely to be uninsured than the native-born.

The complaints of the labor unions and immigrant groups have found a sympathetic ear in the Chicago City Council, the Cook County Board of Commissioners, and among Latino legislators in the Illinois General Assembly. The Illinois Coalition for Immigrant and Refugee Rights is asking the General Assembly to enact legislation to protect uninsured patients from “discriminatory” pricing and aggressive collection practices by hospitals. State Rep. Harry Osterman (D-Chicago) and state Sen. Martin Sandoval (D-Chicago), cochairmen of the Joint Legislative Task Force on Immigrants and Refugees, held a town hall meeting in Chicago August 19 where uninsured community members, often speaking through translators, told of difficulties in navigating the health care system, paying their hospital bills, and making themselves understood. The legislators have promised to hold more hearings this fall. At the federal level, U.S. Rep. Luis Gutierrez (D-4th) has asked the General Accounting Office – the investigative arm of Congress – to conduct a study of the issues.

Against this backdrop, the Illinois Hospital Association and Metropolitan Chicago Healthcare Council have appointed a joint membership task force to review hospital charity care policies and collection practices for the uninsured and to recommend steps Illinois hospitals might take to respond to the concerns that have been raised.

I. Hospitals and the Uninsured: Statement of the Problem

Illinois hospitals have a longstanding commitment to improving health care for all residents, including the uninsured. Almost 1.7 million Illinoisans – 600,000 of them living in Chicago and many of them immigrants and the working poor – have no health insurance. Yet Illinois hospitals are there for them whenever they need patient care:

- Illinois hospitals provide more than \$2 billion annually in medical care for which they do not receive payment, including charity care.
- Illinois hospitals typically assist uninsured patients in applying for government-sponsored health care programs for which they may be eligible, such as Medicare, Medicaid, and KidCare.
- Illinois hospitals have long supported efforts to expand the number of persons covered by the State's health care programs, such as KidCare and FamilyCare.
- Illinois hospitals have fought for increased federal funds to help support the Illinois Medicaid program.
- Most Illinois hospitals reduce or write off bills for uninsured patients who are unable to pay. Hospitals offer their indigent, uninsured patients discounts up to 100 percent of total charges. Many uninsured patients pay little, if any, of the charges billed by the hospital for the services they receive.
- Illinois hospitals establish payment plans for uninsured patients who are able to pay.

Hospitals are committed to meeting the needs of everyone in their communities, including those who cannot pay for their care. Individuals have an obligation to pay for the services they receive. Similarly, hospitals have a duty to seek to collect from patients who are able to pay.

The current regulatory environment, however, makes it difficult for hospitals to adopt more compassionate charity care and collection practices for low-income, uninsured patients. Confusing, cumbersome, and contradictory laws intended to prevent discrimination, overbilling, and the provision of unnecessary care have hindered hospital efforts to fully respond to these patients' concerns. For example:

- Federal fraud and abuse laws (e.g., Section 1128 of the federal Social Security Act) expressly prohibit hospitals from routinely waiving or reducing many fees charged to patients for care provided.

- Medicare regulations require that all patients, regardless of financial class, be assessed the same charge for the same service. Severe federal penalties for non-compliance (e.g., exclusion from participation in the Medicare and Medicaid programs) encourage hospitals to strictly adhere to uniform charge schedules across all payer types.
- Federal laws and regulations require hospitals to make “reasonable” collection efforts before they are allowed to write off any uncollected balance as “uncompensated care” or to seek reimbursement from Medicare for “bad debt.”

Federal laws and regulations have the unintended consequence of discouraging hospitals from offering reduced-cost or free care to certain patients, such as the uninsured. A recent study by the Commonwealth Fund, a private foundation that supports independent research on health and social issues, concluded that existing federal laws and regulations often leave patients, especially those without health insurance coverage, in significant financial debt.

IHA and MCHC will continue to collaborate with the American Hospital Association as it works with federal regulators to clarify confusing rules and regulations on this matter. In the meantime, this report recommends steps that Illinois hospitals can take to ensure that their charity care policies and collection practices are as patient-friendly as possible while complying with existing regulations.

II. Charity Care Guidelines

Illinois hospitals are encouraged to review their current charity care policies and modify them so that they are no more restrictive than the following guidelines. Nothing in these guidelines is intended to limit or discourage a hospital from adopting a policy that is more liberal. Moreover, these are general guidelines that each hospital should modify to meet its local needs and circumstances.

Hospital Responsibilities

- The hospital will have a charity care policy to evaluate and determine a patient’s eligibility for financial assistance. Charity care will be available for medically necessary hospital care provided to persons who meet the financial and documentation criteria defined in the policy. Each situation will be reviewed independently and allowances will be made for extenuating circumstances based on good faith efforts and mitigating factors.
- The hospital will have a means of communicating the availability of charity care to all patients. Examples of mechanisms that the hospital may use to do this include, but are not limited to:
 - Placing signage, information, or brochures in appropriate areas of the hospital (e.g., the emergency department, organized registration areas, and the business office) stating that the hospital offers charity care and describing how to obtain more information about financial assistance.
 - Using languages that are appropriate for the hospital’s service area.

- Placing a note on or with the hospital bill and statements regarding how to request information about financial assistance.
- Designating departments or individuals who can explain the hospital's charity care policy.
- Staff in the hospital's patient financial services and registration departments will understand the hospital's charity care policy and be able to direct questions regarding the policy to the proper hospital representative. Hospital staff who regularly interact with patients will know that the hospital has a charity care policy and be able to direct questions regarding the policy to the proper hospital representative. An annual in-service is encouraged.
- An uninsured patient will receive a full (100%) discount if he or she can demonstrate family income at or below 100% of federal poverty guidelines, subject to income verification processes of the hospital and other hospital charity care eligibility requirements. Hospitals are encouraged to offer a partial discount when an uninsured individual's family income is greater than 100% but equal to or less than 200% of federal poverty guidelines, and the uninsured person meets other charity care eligibility requirements.
- In determining whether a patient meets the eligibility criteria for charity care, a hospital may consider the extent to which the person has assets other than income that could be used to meet his or her financial obligation.
- After receiving the patient's request for financial assistance and any financial information or other documentation needed to determine eligibility for charity care, the hospital will notify the patient of its eligibility determination within a reasonable period of time. The hospital will also advise the patient of his or her responsibilities under these charity care guidelines.
- The hospital's use of federal poverty guidelines will be updated annually in conjunction with the federal poverty guideline updates published by the United States Department of Health and Human Services.

Patient Responsibilities

- To be considered for a discount under the charity care policy, an uninsured person must cooperate with the hospital to provide the information and documentation necessary to apply for other existing financial resources that may be available to pay for his or her health care, such as Medicare, Medicaid, KidCare, FamilyCare, third-party liability, etc.
- To be considered for a discount under the charity care policy, an uninsured person must provide the hospital with financial and other information needed to determine eligibility.
- A request for financial assistance under this policy must be made by or on behalf of the patient. Patients may apply for, and will be encouraged to apply for, financial assistance before, during or within a reasonable time after hospital care is provided. In the event they do

not initially qualify for financial assistance after providing the requested information and documentation, patients may re-apply if there is a change in their income, assets, or family size responsibility.

- An uninsured patient who qualifies for a partial discount must cooperate with the hospital to establish a reasonable payment plan, which takes into account available income and assets, the amount of the discounted bill(s), and any prior payments.
- Uninsured patients who qualify for partial discounts must make a good faith effort to honor the payment plans for their discounted hospital bills. They are responsible for communicating to the hospital any change in their financial situation that may impact their ability to pay their discounted hospital bills or to honor the provisions of their payment plans.

III. Collection Practices Guidelines For Charity Care Patients

Illinois hospitals are encouraged to review their current collection practices and modify them so that they are consistent with the following guidelines. Nothing in these guidelines is intended to limit or discourage a hospital from applying these guidelines to a broader group of patients through an expansion of its charity care eligibility criteria. Moreover, these are general guidelines that each hospital may modify to meet its local needs and circumstances.

These collection practices apply to outstanding bills from uninsured patients who qualify for a partial discount under the hospital's charity care policy (hereinafter referred to as a charity care patient). Generally these are individuals whose family income is between 100% and 200% of the Federal Poverty Guidelines, and who meet other charity care eligibility requirements outlined by the hospital. The following collection practices also apply to external collection agencies engaged by the hospital to assist with obtaining payment on outstanding bills from charity care patients who are granted partial discounts.

Hospital Responsibilities

- When a patient has been approved under the hospital's charity care policy for a partial discount, the hospital will work with the patient or responsible party to establish a reasonable payment plan, which takes into account available income and assets, the amount of the discounted bill(s), and any prior payments. The hospital will also advise the patient of his or her responsibilities under these collection practices guidelines.
- Hospitals may offer prompt payment discounts to charity care patients who are eligible for partial discounts on their hospital bills.
- The hospital will not pursue legal action for non-payment of bills against charity care patients who have clearly demonstrated that they have neither sufficient income nor assets to meet their financial obligations.
- Legal action, including the garnishment of wages, may be taken by the hospital to enforce the terms of the payment plan when there is evidence that the charity care patient or responsible party has sufficient income and/or assets to meet his or her obligation.

- The hospital will not place a lien on a charity care patient's primary residence if this is the patient's sole real asset unless the value of the property clearly indicates an ability to assume significant financial obligations. The hospital will not execute a lien by forcing the sale or foreclosure of a charity care patient's primary residence to pay for an outstanding medical bill.
- The hospital will not use body attachment to require the charity care patient or responsible party to appear in court.
- The hospital will ensure that the guidelines outlined above are followed by any external collection agency engaged to assist in obtaining payment on outstanding bills from charity care patients.

Patient Responsibilities

- To receive favorable treatment under the collection practices described above, the uninsured patient must have qualified for a partial discount under the hospital's charity care policy by having provided the financial information and other documentation needed to determine eligibility for such a discount.
- To receive favorable treatment under the collection practices described above, charity care patients or their responsible parties must cooperate with the hospital to establish a reasonable payment plan, which takes into account available income and assets, the amount of the discounted bill(s), and any prior payments.
- To receive favorable treatment under the collection practices described above, charity care patients must make a good faith effort to honor the payment plans for their discounted hospital bills. They are responsible for communicating to the hospital any change in their financial situation that may impact their ability to pay their discounted hospital bills or to honor the provisions of their payment plans.