



Maryland
Hospital Association

House Bill 1081 – Health Facilities and Hospitals – Medical Debt Protection

Position: *Support with Amendments*

February 28, 2020

House Health & Government Operations Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) 61-member hospitals and health systems, we appreciate the opportunity to comment on House Bill 1081. Hospitals believe every person should receive the care they need without financial worry. Making every effort to inform patients of their ability to receive financial assistance, including free or reduced cost care, hospitals help patients enroll in Medicaid or other insurance options. In addition, they work with patients to set up reasonable payment options when needed.

Advancing legislation without thoughtful deliberation could cause unintended harm. The impacts to Maryland Model for hospital financing could jeopardize the many consumer safety rails the state and hospitals have worked hard to secure.

Hospitals' financial assistance and billing collections practices are already governed by extensive state and federal laws. Federal law addresses nearly every aspect of the financial aid and the billing process. Established by the Internal Revenue Code §501(r)ⁱ, these laws set forth thresholds for free and reduced-cost care; define notice requirements for financial assistance and collections; create application period timelines; and outline actions hospitals may take to pursue outstanding bills. The federal regulations were finalized after a robust, three-year rulemaking process with extensive stakeholder input.

Maryland hospitals have been working to identify opportunities to improve policies and practices while maintaining alignment within the regulatory requirements as mentioned above.

For example, while many state and federal coverage programs require verification of citizenship or immigration status to assess eligibility, these are wholly distinct from hospitals' financial assistance policies. MHA engaged hospital leaders from across the field to reach complete agreement—the field will not use immigration or legal residency status as an eligibility factor to award financial assistance. At the same time, hospitals continue to work to connect patients to public programs such as Medicaid.

These are complicated and inter-related issues that require a thoughtful approach to reform. We need to avoid unintended consequences for our state's residents and health care system. For example, the bill's contemplated thresholds on collection efforts will lead to higher Medicaid payments into the uncompensated care fund. The bill also could result in cost-shifting to other payers under the state's Total Cost of Care Model.

The hospital field recognizes that there are opportunities to improve our process. Hospitals are committed to working thoughtfully to advance that aim.

For these reasons, we respectfully ask the committee to establish a workgroup process that brings in all stakeholders to work on recommendations and reforms.

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ⁱ <https://www.irs.gov/charities-non-profits/billing-and-collections-section-501r6>