



Medical Debt: Ensure Hospitals are Paid for Care Provided

Background

Hospitals and health care providers must be financially stable in order to provide quality, safe, affordable health care, yet there are proposals that would significantly reduce their ability to be paid for services provided. Hospitals and health care providers will be harmed if laws are passed that encourage patients to pay medical debts last. Health care is provided to patients with the understanding that they will pay. Unlike many other services, there is no requirement that patients prepay for hospital care. However, hospitals incur significant expenses to provide care.

WSHA Position

WSHA supports measures to ensure consumers are aware of amounts owed for medical services and have the information to resolve their accounts, including information about charity care. WSHA strongly opposes discouraging paying medical debt by prohibiting or limiting prejudgment, post-judgment, and garnishment only for medical debt. WSHA supports a thoughtful approach to the challenge of the cost of health care, but the approach must recognize that hospital services are expensive. Labor-intensive care, pharmaceuticals, equipment and supplies – all these must be paid for. Patients who can pay should do so.

Key Messages

- WSHA supports measures to ensure that patients have the time and information needed to pay bills and resolve outstanding debts. These measures include:
 - Requiring a set time period before a debt can be assigned or sold to a collection agency, during which time patients are protected from interest and adverse credit actions.
 - Requiring that collection agencies provide information regarding financial assistance and cease collection efforts if a patient applies for financial assistance.
 - Prohibiting the use of bench warrants and certain other practices used by collection agencies.
- The use of prejudgment and post-judgment interest is an important tool for creditors to collect amounts owed for services provided. If medical debt is singled out as less important, hospitals will have difficulty collecting from patients who can and should pay their portion of a bill. Hospitals, particularly those that receive taxpayer support, have a fiduciary responsibility to collect from patients who are able to pay.
- WSHA worked with the state legislature in 2018 to strengthen the state charity care law to ensure patients are aware of the opportunity to request charity care. Hospitals currently provide notice about the availability of charity care on all patient bills, on hospital websites, and on signs posted in hospitals. Patients who earn up to 300% of the federal poverty level are eligible for free or reduced cost care and many hospitals are more generous.
- There are already safeguards in place to give patients notice about a bill and time to pay. Hospitals do not assess prejudgment interest on delinquent bills until a bill is assigned to collections. The current practice is for hospitals to allow significant time before a patient is sent to collections – typically 4-6 months.

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