

MEMO IN SUPPORT

FOR IMMEDIATE RELEASE: March 14, 2006

Re: A.2519 (Grannis)/S.4347 (Maziarz), A.2520 (Grannis),
A.2521 (Grannis)

An act to amend various portions of the public health law in relation to collection policies and financial assistance for inpatient care.

This package of bills amends various sections of the public health law to require greater accountability and standardization of hospital charitable programs and collection policies. The New York Health Plan Association strongly supports their enactment.

Seeking Accountability: \$800 Bad Debt and Charity Pool

Health plans and premium payers underwrite New York's Bad Debt and Charity pool by more than \$800 million annually through a surcharge on all hospital services, services at diagnostic and treatment center and free-standing clinical labs. These funds are designed to offset hospital costs for treating patients with no insurance or without the financial means to pay for provided services. Unfortunately, because there is no standardized process to alert patients at the time of admission about their possible payment options - including their access to charitable care, many patients are left with large hospital bills that could have been mitigated if the patient was aware of possible alternatives. While the lack of standardization and proper notice is confounding for patients, there is a general lack of information for policy makers as well on the level of indigent care at each hospital, their pool reimbursements for that care or the number of uninsured patients that were transferred to other facilities. Lawmakers need to make hospitals more accountable for this large subsidy and makes sure that the hard earned dollars in these pools are being spent appropriately.

Mitigating Medical Bankruptcy

In a report issued last month by Harvard University it was determined that each year, 2 million Americans face the double disaster of illness and medical bankruptcy. Of this number more than 700,000 are children. This problem is particularly acute for individuals without health insurance. For these individuals, they are often faced with paying for services that are priced far in excess of government programs or commercial coverage. For hospitals, charging cash paying customers "retail" for their services, enables them to game the system, because reimbursement from the indigent care pools are based on these higher priced services. Failure of patients to make payments unleashes aggressive collection agencies and possible court action against individuals often least capable of meeting the crushing financial obligations before them.

At the heart of these bills is greater hospital transparency of indigent programs so patients can more capably navigate the health care system. This package of bills will establish much needed reforms – indeed fairness – to the current myriad of hospital practices, facilitating the ability of indigent patients to receive state assistance. We note that the necessity for greater transparency will increase as consumers utilize insurance products that require increased employee contributions for care.

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The New York Health Plan Association represents 33 managed care health plans that provide comprehensive health care services to more than 5 million New Yorkers.