

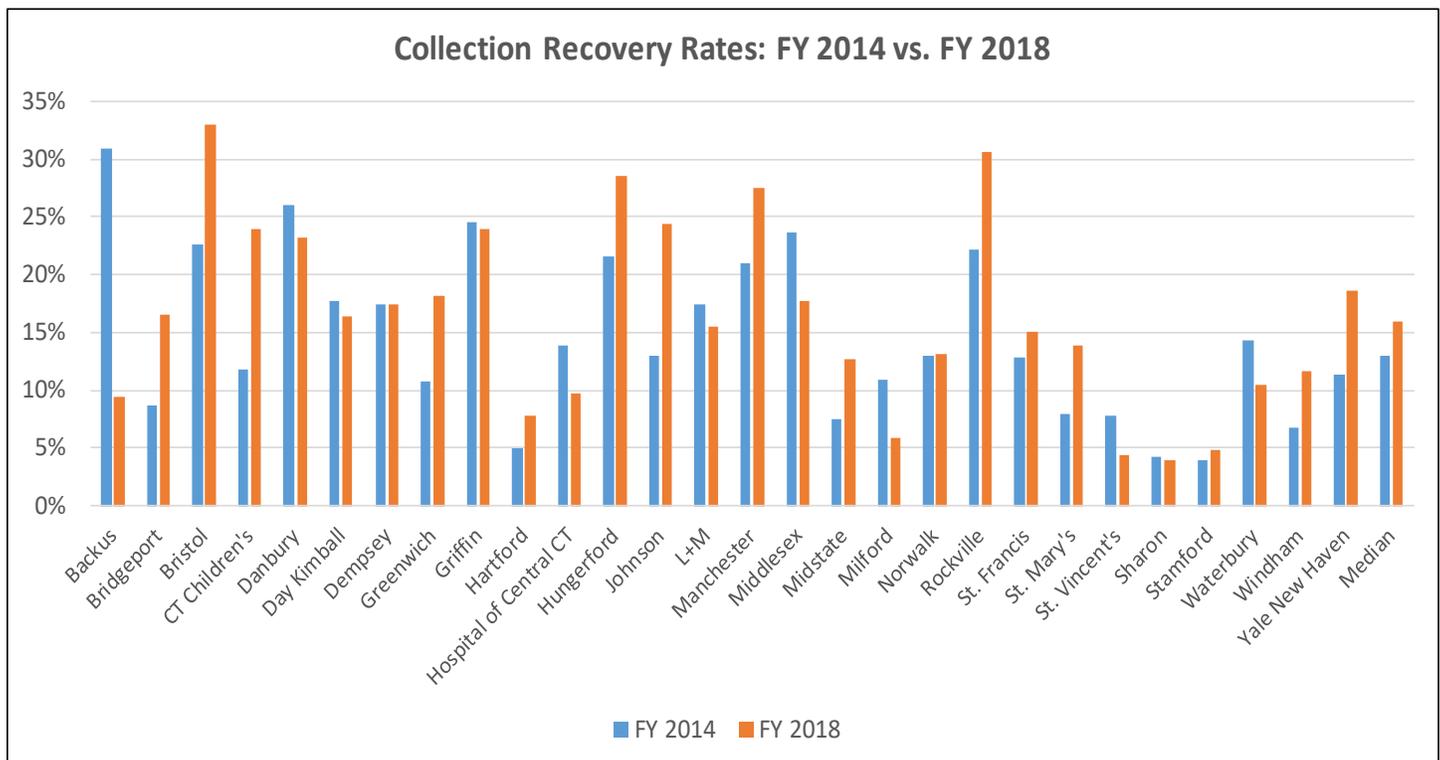
## Hospital Charity Care Policies and Recovery Rates for Patient Unpaid Medical Debt

While many people have healthcare coverage, a portion of the population is still uninsured or has high deductible insurance plans. When these people go to hospitals for medical care and incur large bills, they may be unable to afford their share of the bill. Hospitals attempt to qualify patients for Medicaid or determine if they are eligible for donor assisted bed funds or charity care. At some point, if the bills remain unpaid, the hospital’s collections department will seek payment. Hospitals may offer payment plans in which the balance is paid in smaller monthly installments over a period. In some cases, the hospital will send the unpaid medical bills to a collection agent which could involve legal action by attorneys and possibly taking the patient to court. The total funds recovered by the collection agency form the basis of calculating a hospital’s collection recovery rate – the total funds collected as a percentage of all outstanding debt sent to the collection agencies, excluding Medicare accounts.

The following analysis examines the collection recovery rates and charity care policies of Connecticut’s 28 acute care hospitals between fiscal years (FY) 2014 and 2018. Hospitals use income as a percentage of federal poverty level (FPL) guidelines to determine how much charity care a patient may qualify for to reduce his or her outstanding medical debt.

As the chart below indicates, the statewide median collection recovery rate for unpaid medical expenses grew from 13% in FY 2014 to 16% in FY 2018, despite annual fluctuation. Generally, individual hospital recovery rates were mostly consistent from year to year with large fluctuations occurring for a few hospitals over the five-year period.

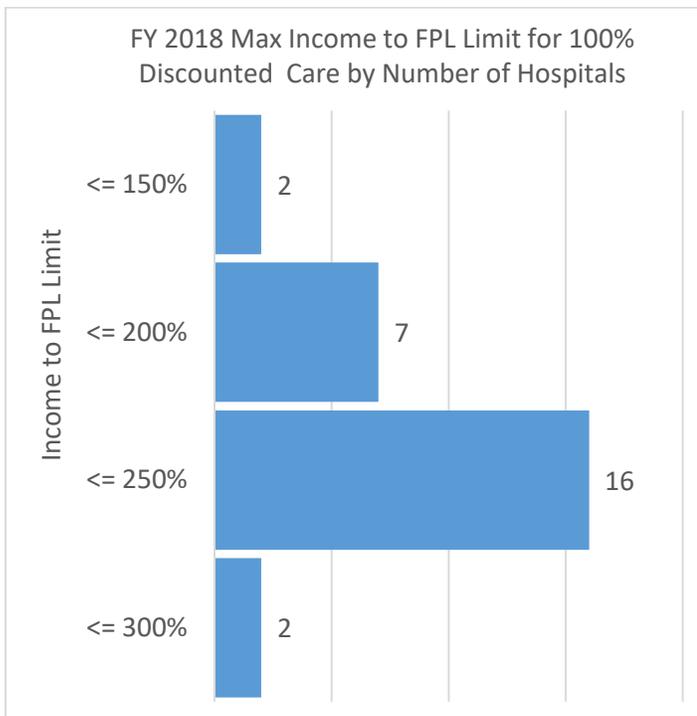
Since FY 2014, 16 Connecticut hospitals have increased the rate in which they recover payments from past due medical bills while the remaining 12 hospitals had a decrease. CT Children’s recovery rate increased the most by doubling from 12% to 24%, while Backus’ rate decreased the most by dropping from 31% to just 9%.



Hospitals offer discounted care typically defined as a reduction in a patient’s portion of the charges billed and incurred from medical treatment. Comparing the ratio of patient income level to the FPL guidelines for receiving discounted care from each hospital’s charity care policy, **there is no industry standard for receiving 100% discounted care or discounted care.**

As the chart below indicates, most hospitals (25) offer 100% discounted care to patients at or below 200% of the FPL (9) or at 250% of the FPL (16). The higher the limit, the more patients that would be eligible for 100% discounted care.

Manchester and Rockville are the two hospitals with charity care policies that have the lowest income level limit to qualify for 100% discounted care at less than 150% of the FPL. Conversely, the charity care policies at Danbury and Norwalk are the most generous with 100% discounts offered for income levels up to 300% of the FPL.



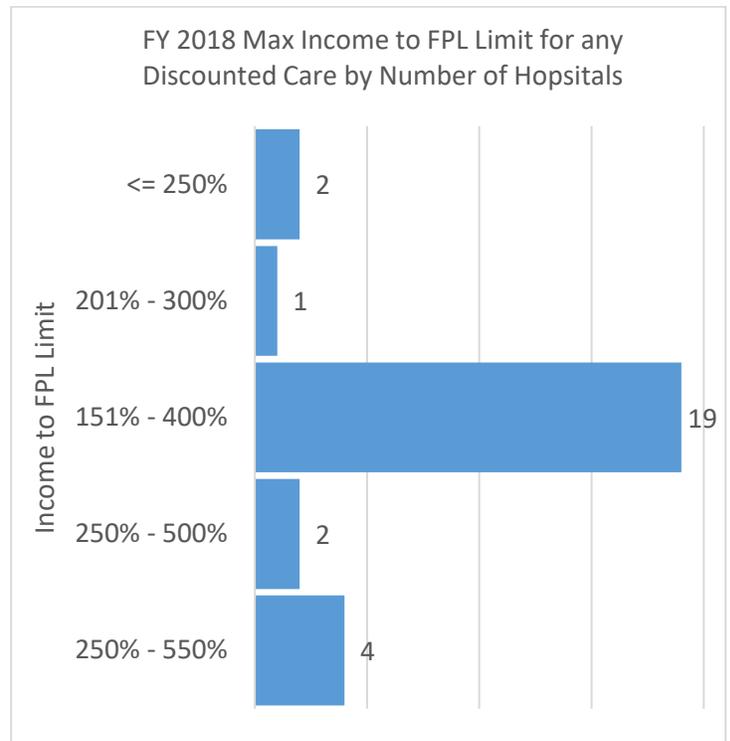
\*John Dempsey Hospital is not included in this chart as the hospital did not indicate the ratio of income to FPL guidelines in which a patient would be eligible for 100% discounted care.

\*\*Day Kimball Hospital offers 100% discounted care only to uninsured patients. Insured patients are capped at a 75% discount.

\*\*\* Trinity Health New England FY 2017 charity care ratio of income to FPL guidelines were utilized for this analysis because the health system did not provide its FY 2018 guidelines.

Most hospitals (19) utilize an income to FPL limit of 400%. Three hospitals had a lower limit (Day Kimball, Dempsey and Sharon) and six hospitals had a higher limit (CCMC, Middlesex, Bridgeport, Greenwich, L+M and Yale).

Of the hospitals with a higher limit, four allowed patients to be eligible for discounted care at 550% of the FPL thus increasing the number of patients eligible for discounted care.



**Conclusion:** Given the wide variation in charity care policies across Connecticut hospitals, OHS recommends that policymakers consider a consistent policy across all hospitals and making patients aware of it, to ensure predictability of access and cost exposure across the landscape.