**Sent via Electronic Mail**

Honorable Supervisor Hilda Solis  
Honorable Supervisor Holly Mitchell  
Honorable Supervisor Lindsay Horvath  
Honorable Supervisor Janice Hahn  
Honorable Supervisor Kathryn Barger  

Los Angeles County Hall of Administration  
500 West Temple Street  
Room 383  
Los Angeles, CA 90012  

**RE: Hospital Association of Southern California concerned over proposed medical debt relief program in LA County**  

Dear Honorable Members of the Los Angeles County Board of Supervisors,

We are writing to you on behalf of more than 90 hospitals in Los Angeles County, all of which are members of the Hospital Association of Southern California (HASC). Our collective mission is to deliver high-quality health care to every patient, regardless of their ability to pay for medical services. **In fact, hospitals in LA County provided nearly $2.8 billion in services through charity care and debt forgiveness in 2021.**

In October 2023, the Board of Supervisors passed a motion instructing the Department of Public Health (DPH) to assess medical debt in LA County and report back on the feasibility of a one-time medical debt forgiveness program, recommend best practices for reducing medical debt, and mandate collection of data and policies on debt collection and financial assistance activities.

HASC has worked closely with DPH to provide information about LA County hospitals’ financial assistance policies and the substantial debt forgiveness and charity care activities already occurring in LA County.

Additionally, a recent study\(^1\) revealed that despite significant debt relief efforts, there was no notable enhancement in the mental well-being or credit scores of individuals burdened by medical debt. This study, which followed 213,000 individuals, found that those whose bills were paid off were just as likely to forgo medical care as those whose bills remained unpaid. This underscores the complexities surrounding medical debt relief and the imperative for rigorous examination of this policy area.
HASC is concerned that DPH is proposing unnecessary data collection and debt relief requirements for LA County hospitals. These proposals are not only redundant and burdensome but also based on incorrect debt calculations. We want to bring the following concerns to your attention so that we can work together to address the concerns of the Board and develop meaningful policy solutions that will impact this important issue.

1. **The survey tool used by DPH to assess medical debt in LA County was overly broad and grouped all medical debt into one category, resulting in an inflated estimate of debt attributed to hospital care.**

DPH surveyed county residents to ascertain the extent of medical debt. However, DPH did not differentiate between medical debt attributed to hospital care versus non-hospital medical debt (for example, from a physician, surgical center, dental care, pathology lab or transportation related to care). In fact, the number DPH reported as hospital debt was the total amount from a small percentage of county residents, multiplied by the entire number of residents. DPH then extrapolated that 70% of this exaggerated medical debt number was related to hospital care. The 70% assumption was based on a national study that concluded 70% of all medical debt is from hospital care. However, this conclusion does not apply to California hospitals. California has far more stringent charity care and financial assistance mandates than the rest of the nation.

2. **California hospitals are required by state law to report data on charity care and financial assistance policies. These policies must be provided directly to patients and posted publicly on their websites.**

California hospitals are required to post their charity care and financial assistance policies on their websites and notification of availability of financial assistance throughout facilities. Hospitals in California are also required to file data on charity care and financial assistance figures annually with the state. Hospitals file an annual Medicare cost report that highlights the amount of charity care and bad debt deemed uncollectible. Finally, the IRS requires all non-profit hospitals to complete and file charity care information on Schedule H of Form 990.

In addition to DPH’s unnecessary data collection mandate, the purpose of this additional collection requirement remains unclear. There have been suggestions that DPH intends to share patient data with third-party organizations to facilitate additional outreach and support for patients who may qualify for financial assistance. However, patients with accounts that have gone to collections have already been contacted multiple times by the hospital for approximately 180 days following their service date. Furthermore, hospitals are also concerned that providing patient information to a third party may violate HIPAA regulations and would require notifying patients that their information has been shared.

3. **The DPH program does not consider that all general acute care hospitals in California must comply with the requirements of the CA Hospital Fair Pricing Policies Law and Medicare mandates.**
California already sets a remarkably higher bar for financial assistance policies compared with most states.

Under the CA Hospital Fair Pricing Policies Law, hospitals provide written notice of their discount and charity care policies if a patient is uninsured or underinsured.

- Notice must include a statement that if the patient lacks insurance coverage, they may be eligible for programs such as Medicare, Medi-Cal or the California Health Benefit Exchange.
- Notice also must contain information about organizations that will assist the patient in understanding the billing and payment process.
- Hospitals must make reasonable efforts to obtain from the patient information to establish financial assistance eligibility.
- Hospitals may not sell patient debt to a debt buyer unless the hospital has found the patient to be ineligible for financial assistance and the patient has not responded to multiple billing attempts or offers of financial assistance for at least 180 days.

Medicare mandates that providers must undertake “reasonable and customary attempts” before considering a bill uncollectible, including the following:
- Efforts must be consistent across all patients to ensure fairness; differing collection processes for different payers may create financial penalties.
- Collection efforts must include the issuance of a bill, and any debt that remains unpaid for more than 120 days from the first bill date may be deemed uncollectible.
- These collection efforts include billings, follow-up letters, follow-up phone calls, and personal contacts.

4. **DPH has reported that there is no viable funding source available for a one-time purchase and retirement of county residents’ medical debt. As such, HASC would like to work with the County to create more awareness of existing debt forgiveness programs.**

Hospitals in LA County continue to provide care to all regardless of their ability to pay. **In fact, hospitals in LA County provided nearly $2.8 billion in charity care and debt forgiveness in 2021.** This figure is in addition to the payment shortfalls for Medi-Cal services, which only compensates hospitals 74 cents on the dollar.

Our hospitals provide free or discounted care to uninsured or underinsured patients with incomes at or below 400% of the federal poverty level (FPL), every day in LA County. Some hospitals actually provide financial assistance up to 600% FPL. Hospitals in LA County are going above and beyond what the state and federal law requires.

5. **We are interested in formulating strategies to address medical debt collection, with an emphasis on collaboration with other vital stakeholders that play a significant role in the health care delivery system.**

Our intention is to develop actionable solutions that effectively mitigate the accrual of medical debt and the potential impact on individuals.
Some of the key components of our proposed strategy include:

1) Creation of a public outreach program in partnership with LA County to ensure that the patients we serve are aware of available financial assistance programs and to encourage eligible patients to take advantage of these programs.
2) Conducting patient engagement efforts that promote health literacy, understanding of coverage and deductibles, and financial assistance opportunities, in collaboration with LA County DPH and other stakeholders including health plans, community health programs, legal aid organizations and others.
3) Ensuring health plan members have adequate coverage for the services and deductibles that fit within their income level.

In conclusion, LA County hospitals remain committed to providing quality care to the communities of Los Angeles, regardless of ability to pay. LA County hospitals already go above and beyond the charity care and financial assistance mandates of the state and federal laws. While HASC remains committed to partnering with LA County to stop medical debt from accruing and keep patients informed about financial assistance options, we believe the proposed DPH debt relief program and data collection effort will only burden hospitals with unnecessary requirements, without ultimately helping to address the underlying issue.

Sincerely,

George W. Greene, Esq.
President and CEO

CC: Los Angeles Hospital Leadership Group
California Hospital Association
LA County Board of Supervisors Health Deputies
LA County Department of Public Health

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