

Law eases financial burden on uninsured

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A bill that becomes law in January prohibits hospitals from overbilling low to middle-income patients who are uninsured or have limited insurance.

Under Assembly Bill 774, hospital charges for those patients can be no more than the highest rates charged by Medicare, workers compensation or other government programs in which the hospital participates.

It prohibits harsh collection practices such as garnishing wages and putting liens on property. The legislation covers people with a household income no more than 350percent of the poverty level, or up to \$70,000 a year.

The bill, signed by Gov. Schwarzenegger last week, intends to put an end to aggressive billing and collections that led to class-action lawsuits against hospital owners such as Tenet Healthcare, Sutter Health and Catholic Healthcare West.

According to the bill's supporters, hospital bills for uninsured patients are often five to seven times higher than what insurers or government health programs pay for the same services.

Example: Thomas Kucera of Patterson was hit with a \$48,000bill after spending 1½days at Tenet-owned Doctors Medical Center in Modesto with diabetic complications in 2000. When he did not pay, the hospital's collection agency sued Kucera, won the case when he didn't show up for court, and then put a lien on his mobile home.

A billing expert who examined the charges, at The Bee's request, concluded the customary hospital charges for Kucera's treatment ranged from \$4,200 to \$6,900. Kucera testified before the Assembly Health Committee in 2003. After the hearing, Tenet agreed that the bill was wrong and waived the charges.

"This law assures a fair price for uninsured and underinsured patients," said Anthony Wright, executive director of Health Access, a patient advocacy group that backed the bill. "It will make it easier for these people to get the care they need and not neglect getting care for fear of an inflated bill."

Assemblywoman Wilma Chan, D-Oakland, introduced the bill in 2005, but it ran into opposition from hospital industry groups.

When the bill resurfaced this year, its sponsors agreed to some amendments sought by the California Hospital Association. The association then withdrew its opposition.

Some hospitals have said they resorted to aggressive collections only for patients who refused to apply for government programs or financial assistance.

Under the new law, patients will have 150 days to provide paperwork showing they are eligible. Uninsured patients not meeting that requirement can be turned over to collections.

"They will have to work with the hospitals; they will have to bring their documents in," said Jan Emerson, spokeswoman for the California Hospital Association. "If the patients are not a partner, they won't benefit from the new law."

Signs must be posted

The legislation requires hospitals to post signs and take other measures to inform patients of their rights under the law.

Catherine Larsen, spokes-woman for Doctors Medical Center, said the hospital has offered managed-care rates to the uninsured and toned down collections since June 2004. Tenet hospitals adopted a "contract with the uninsured" to settle a Southern California lawsuit that alleged unfair treatment.

"Tenet was the first to offer discounts for uninsured patients," Larsen said. "This isn't going to be anything new for us. ... We provide financial counseling to all uninsured patients."

Modesto resident Karen Reed, who went to Doctors' ER with a sprained arm in March, said the hospital's policy needs to be less confusing. She said DMC personnel quoted her different rates for the care; she ultimately signed a \$1,200 written estimate. Tenet's collections department later sought payment of \$2,700, she said.

"When I was at the hospital, they sat me down at the hospital and said if I paid \$780 it would be considered payment in full," said Reed, who wasn't insured when she fell at home. "But I didn't have that much on my credit card. I am eating it now because they really socked it to me."

Hospitals that disregard the new law could be fined up to \$50,000 under separate legislation.

John Gilbert, spokesman for Emanuel Medical Center, said its charity care and financial assistance for uninsured patients is spelled out in a 14-page policy. He said some patients have been turned over to collections as a last resort, but he wasn't aware of any attempts to garnish wages.

"We provide care to anyone regardless of their ability to pay," he said. "We will make whatever revisions to the policy that are necessary."