

The Salt Lake Tribune

Utah's largest hospitals face new debt collection rules

Health care • Guidelines follow allegations that collectors were inside Minnesota ERs.

By kirsten stewart

The Salt Lake Tribune

Published: June 27, 2012 09:59PM

Updated: June 27, 2012 11:15PM

Patients at Utah's two largest hospital chains, Intermountain Healthcare and University Health Care, would be protected from abusive debt-collection practices under proposed rules issued late last week by the U.S. Treasury Department.

The draft rules apply to half the nation's 5,754 hospitals, those classified as charitable nonprofits. They flow from a little-known section of federal health reform but come in the wake of allegations that a Chicago-based debt-collection firm, Accretive Health, placed bedside bill collectors in nonprofit hospitals in Minnesota, causing some emergency patients to think they would be denied treatment.

"In recent months, we have heard concerns about aggressive collection activities, including allowing debt collectors to pursue collections in emergency rooms. These practices jeopardize patient care, and our proposed rules will help ensure they don't happen in charitable hospitals," said Acting Assistant Secretary for Tax Policy Emily McMahon in a prepared statement.

University Health Care, owned by the state of Utah, believes the guidelines would apply to its hospitals and clinics, though management hasn't thoroughly reviewed them, said spokeswoman Kathy Wilets.

In order to preserve their tax-exempt status, non-profit hospitals would have to embrace policies against pursuing debts in the emergency department and other venues where it could interfere with treatment.

The guidelines make it clear hospitals are on the hook for the actions of billing agencies they employ.

The rules also would:

- Force hospitals to wait 240 days after a first bill is sent before reporting bad debt to collection agencies or garnishing wages.
- Block hospitals from charging financially needy patients more for "medically necessary" care than they generally charge insurers.

- Require hospitals to provide patients with a plain language summary of their financial assistance policy prior to their discharge, on the hospital's website and inside the first three bills.

As hospitals struggle to collect on growing bad debt they are hiring "revenue management" companies such as Accretive to go after payment from insurers, government plans and patients.

Intermountain signed a five-year contract last November to have Accretive help manage its entire revenue cycle, from the scheduling, registering and admitting of patients to back-office billing functions.

Accretive employees have no direct interaction with patients, stressed hospital spokesman Jason Burgess, noting that the contract is under constant review to ensure it fits with Intermountain's mission.

But hospitals asking for cash up-front is nothing new. Even before its deal with Accretive, Intermountain sought payment when patients registered for surgery or entered the hospital emergency department, though only after they were assessed.

For-profit hospitals owned by IASIS and HCA MountainStar aren't subject to the proposed standards, which is unfortunate, said Judi Hilman, executive director of the Utah Health Policy Project.

Hilman's group did a secret shopper survey of area hospitals to see which ones made financial-assistance information available to patients. Intermountain and University hospitals performed well, but for-profit centers didn't "check out well at all," with the exception of St. Mark's Hospital, Hilman said.

"We are looking forward to working through the new standards directly with Utah's nonprofit hospitals and seeing how we measure up and where there might be room for improvement," she said.

Intermountain has agreed to partner with consumer advocates by opening its billing practices to public scrutiny at community forums, she said.

Hospitals have until Sept. 22 to comment on the guidelines.

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