



## JAMA Study Finds 36% of Virginia Hospitals Garnishing Wages Over Unpaid Bills

Hospitals say lawsuits are rare, but concede that they cannot stay afloat without getting paid

Not every hospital sues over unpaid bills, but a few sue a lot, according to an article published by NPR.

While admitting there “are no good national data on the practice,” NPR writer [Selena Simmons-Duffin](#) notes journalists have reported on hospitals suing patients all over the United States – from North Carolina to Nebraska to a hospital in Missouri that sued 6,000 patients over a four-year period. Simmons-Duffin’s article titled, [“When Hospitals Sue for Unpaid Bills, It Can be ‘Ruinous’ for Patients.”](#) focuses on a study published by *JAMA: The Journal of American Medical Association* that looks into 2017 Virginia court records on completed warrant-in-debt lawsuits filed by hospitals resulting in garnishment of a patient’s wages.

The *JAMA* study, led by Martin A. Makary, MD, MPH, of Johns Hopkins University in Baltimore, identified 20,054 warrant-in-debt lawsuits and 9,232 garnishment cases in 2017. Garnishing was conducted by 48 of 135 Virginia hospitals (36%), of which 71% were nonprofit and 75% urban, compared with 53% nonprofit and 91% urban among hospitals that did not garnish,

according to the study titled, [“Prevalence and Characteristics of Virginia Hospitals Suing Patients and Garnishing Wages for Unpaid Medical Bills.”](#)

“Thirty-six percent of Virginia hospitals garnished wages in 2017, with a small number of hospitals accounting for most cases,” the Johns Hopkins researcher said. “Some characteristics suggest that hospitals with greater financial need (nonprofit, lower annual gross revenue) may be pursuing debt collection to the final stage of garnishment.”

The most common employers of those having wages garnished were Walmart, Wells Fargo, Amazon and Lowes, accounting for 8% of patients whose wages were garnished, the study said. This point was central to Simmons-Duffin’s article, which focused heavily on Mary Washington Hospital, a Fredericksburg, Va.-based hospital that’s part of the [Mary Washington Healthcare](#) network. (The *JAMA* study found that five hospitals accounted for more than half of the lawsuits, with Mary Washington suing the most.)



In response to NPR’s report, Mary Washington officials noted that lawsuits are rare (less than 1% of their patients go to litigation). Lisa Henry, communications director for the health care system, said:

“It’s important to us, as a small community, and a safety net hospital, that we’re doing everything we can for our patients to avoid aggressive collections.”

Mary Washington has a months-long process for trying to reach patients before it takes legal action. “By phone, by mail, by email — any access point we’re given from them when they register.

“Unfortunately, if we don’t hear back from folks or they don’t make a payment we’re assuming that they’re not prepared to pay their bill, so we do issue papers to the court.

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## SURPRISE MEDICAL BILLS

# Unforeseen Out-of-Network Charges Cause Concern Among Consumers

Study shows as many as 26% of admissions from the ER resulted in a surprise medical bill.

About 1 in 6 Americans were surprised by a medical bill after treatment in a hospital in 2017 despite having insurance, [according to a study](#) published in June.

On average, 16% of inpatient stays and 18% of emergency visits left a patient with at least one out-of-network charge. Most of those came from doctors offering treatment at the hospital, even when the patients chose an in-network hospital, according to researchers from the Kaiser Family Foundation. Its study was based on large employer insurance claims.

The research also found that when a patient is admitted to the hospital from the emergency room, there's a higher likelihood of an out-of-network charge. As many as 26% of admissions from the emergency room resulted in a surprise medical bill.

"Millions of emergency visits and hospital stays left people with large employer coverage at risk of a surprise bill in 2017," the authors wrote.

The researchers got their data by analyzing large-employer claims from IBM's MarketScan Research Databases, which include claims for almost 19 million individuals.

[Surprise medical bills](#) are top of mind for American patients, with [38% reporting](#) they were "very worried" about unexpected medical bills.

Surprise bills don't just come from the emergency room. Often, patients will pick an in-network facility and see a provider who works there but isn't employed by the hospital. These doctors, from outside staffing firms, can charge out-of-network prices.

"It's kind of a built-in problem," said Karen Pollitz, a senior fellow at the Kaiser Family Foundation and an author of the study. She said most private health insurance plans are built on networks, where patients get the highest value for choosing a doctor in the network. But patients often don't know whether they are being treated by an out-of-network doctor while in a hospital.

"By definition, there are these circumstances where they cannot choose their provider, whether it's an emergency or it's [a doctor] who gets brought in and they don't even meet them face-to-face."

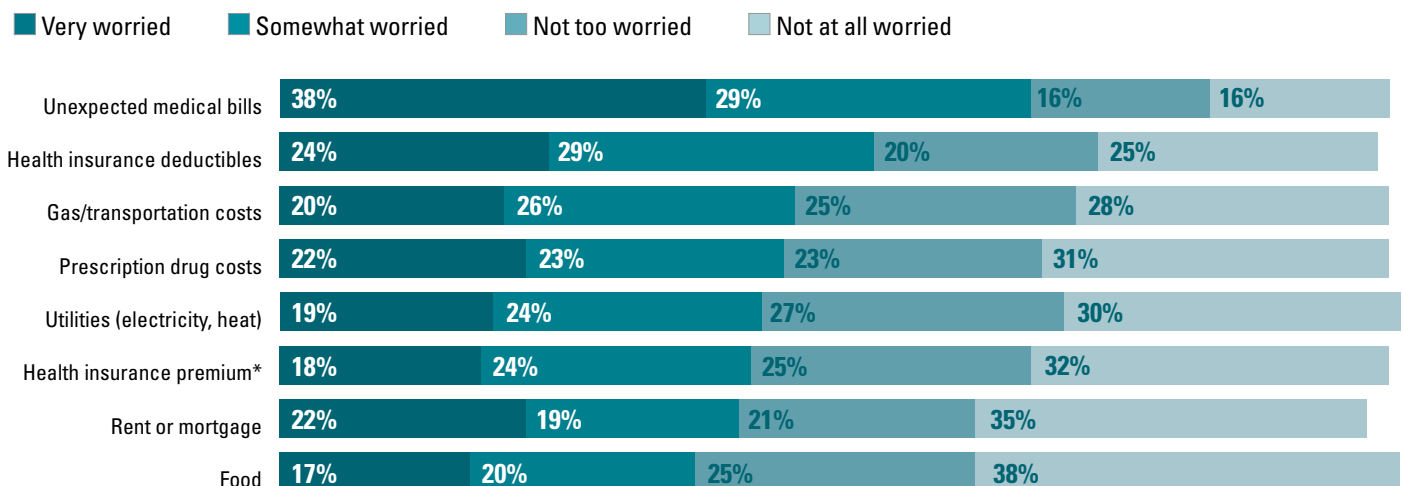
The issue is ripe for a federal solution. Some states have surprise-bill protections in place, but those laws don't apply to most large-employer plans because the federal government regulates them.

"New York and California have very high rates of surprise bills even though they have some of the strongest state statutes," Pollitz said. "These data show why federal legislation would matter."

Consumers in Texas, New York, Florida, New Jersey and Kansas were the most likely to see a surprise bill, while people in Minnesota, South Dakota, Nebraska, Maine and Mississippi saw fewer, according to the study.

[Legislative solutions](#) are being discussed in the White House and Congress.

## How worried, if at all, are you about being able to afford each of the following for you and your family?



Note: "Not applicable" (vol) and Don't Know/Refused responses not shown. Question wording modified; see topline for full wording. \*Among insured.  
Source: KFF Health Tracking Poll (conducted August 23-28, 2018)

FROM THE HILL

## Senate Health Committee Votes to Reduce Health Care Costs

**Committee votes 20-3 in favor of legislation that creates more transparency**

Before heading off for the Fourth of July holiday, the Senate Health, Education, Labor and Pensions Committee approved legislation that ends surprise billing, creates more transparency and increases competition to reduce prescription drug costs. The bill, known as the “Lower Health Care Costs Act” was approved in a 20-3 vote.

“Altogether, this legislation will help to lower the cost of health care, which has become a tax on family budgets and on businesses, on federal and state governments,” said Committee Chairman Lamar Alexander (R-Tenn.). “A recent Gallup poll found that the cost of health care was the biggest financial problem facing American families. And last



July, this committee heard from Dr. Brent James, from the National Academies, who testified that up to half of what the American people spend on health care may be unnecessary.”

Additional information may be viewed on the Committee’s website accessible here: [www.help.senate.gov](http://www.help.senate.gov)

## NEWS & NOTES

### SCOTUS Sides with Hospitals in Payment Dispute

In an opinion [issued](#) June 3, the U.S. Supreme Court ruled that HHS improperly failed to undergo formal notice-and-comment rulemaking before announcing a new Medicare rate calculation for disproportionate share payments to hospitals, according to [Becker’s Hospital Review](#). At issue in the case, *Azar v. Allina Health Services*, is the federal government’s decision to include Medicare Part C enrollees with Medicare Part A enrollees when calculating disproportionate share hospital payments, Becker’s reported. [www.beckershospitalreview.com](http://www.beckershospitalreview.com)

### Health Care Expansion Results in More Ambulance Rides in NY

By 2016, two years into the expansion of the [Affordable Care Act](#), 17.6 million previously uninsured people around the U.S. had gained health insurance coverage. But with the expansion, researchers at the University of Colorado Denver and the University of Kentucky found that ambulance dispatches for minor injuries such as abrasions, minor burns and muscle sprains rose by 37% in New York City, according to an article published in [Healthcare Finance](#). That runs counter to the expectation that expansion would get people out of emergency rooms. But in New York at least, larger enrollment has led more utilization of emergency care, the [article reported](#). <https://tinyurl.com/y39mo2gd>

For more health care collections news, visit ACA’s Health Care Collections page at [www.acainternational.org/pulse](http://www.acainternational.org/pulse).

### Garnishing Wages Over Unpaid Bills *cont. from page 1*

Because court records are public, Mary Washington officials noted that they are subject to more scrutiny than hospitals that use collection agencies.

“We’re really unclear as to why Mary Washington Healthcare in particular has become the face of this,” Henry says. “I don’t think we’re alone — all hospitals are struggling with, ‘How do we collect appropriately from our patients to stay open as a safety net hospital?’”

Meanwhile, Makary, the corresponding author on the *JAMA* study who is also a surgeon at Johns Hopkins, was so “outraged” over Mary Washington’s efforts to recoup unpaid debt that he formed an advocacy campaign to encourage the hospital to “stop suing low-income patients for bills that they simply can’t afford,” the NPR article stated.

In defense of Mary Washington, Henry noted that most patients who are eligible sign up for financial assistance and payment plans, the article said. According to its website, [Mary Washington Healthcare’s] “not-for-profit status drives us to be the kind of organization that provides care to those in need, regardless of their ability to pay. We provide significant [financial assistance](#).”

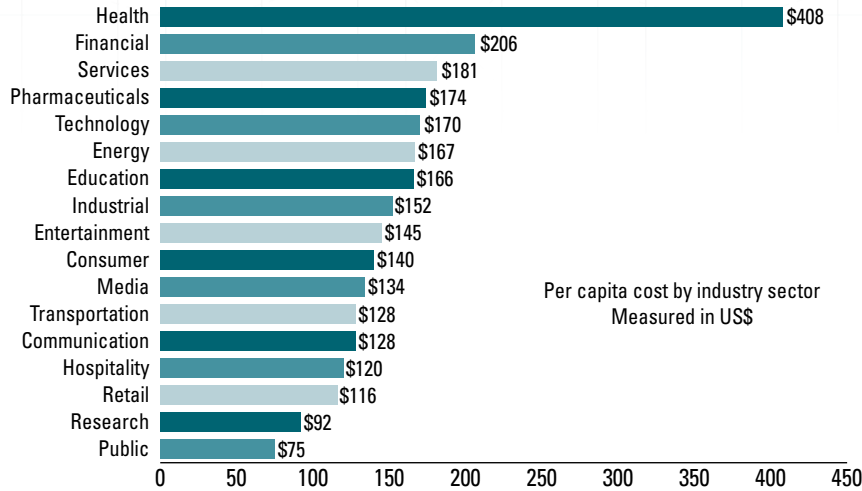
# datawatch



is a monthly bulletin that contains information important to health care credit and collection personnel. Readers are invited to send comments and contributions to:

**Communications Department**  
**ACA International**  
**P.O. Box 390106**  
**Minneapolis, MN 55439-0106**  
[comm@acainternational.org](mailto:comm@acainternational.org)

## The Cost of Data Breaches is Significant for Health and Financial Organizations.



Source: 2018 Cost of a Data Breach Study by Ponemon (Ponemon Institute LLC, July 2018).  
<https://www.ibm.com/security/data-breach>

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