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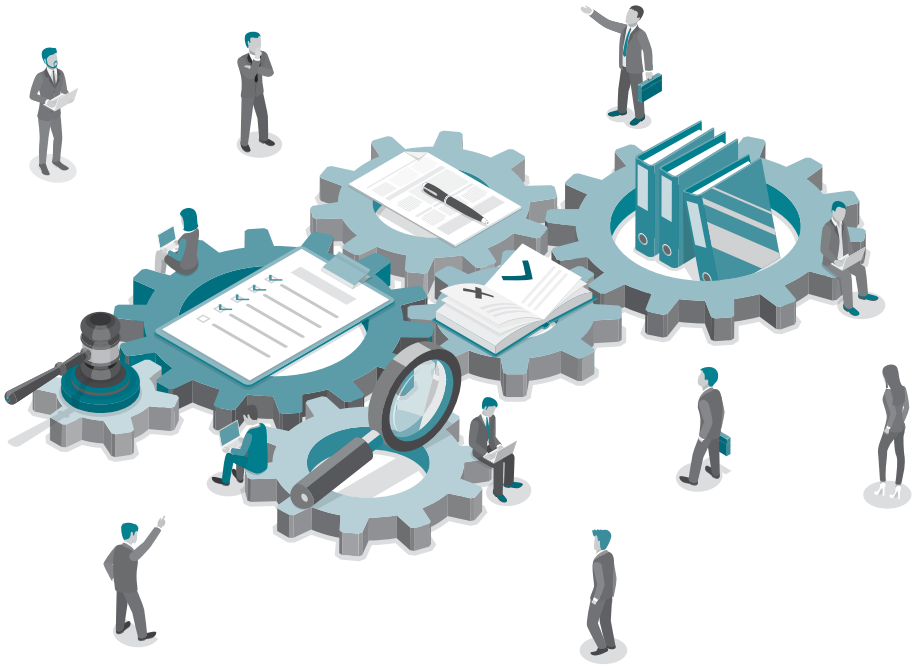
pulse

Washington Governor Signs Debt Collection Bills

New requirements on medical debt collection and legal filings take effect July 28.

By Katy Zillmer



Debt collectors licensed in Washington have new requirements in effect this summer for filing legal summons and the timing for medical debt collections; matters members of the Washington Collectors Association testified on during the legislative session.

On April 30, Gov. Jay Inslee signed H.B. 1066 requiring debt collection complaints to be filed prior to service of summons and complaint; and H.B. 1531, concerning medical debt.

"Our goal going into this session was to be good listeners. I think it was a great year for building relationships with consumer advocates and lawmakers that weren't previously familiar with our industry," said Kelsi Hamilton, CCCO, unit legislative committee chair for the Washington Collectors Association and director of compliance and legal affairs at Dynamic Collectors Inc. in Chehalis, Washington.

Members of the Washington Collectors Association testified in the state legislature as the bills were under review, noting that H.B. 1066 would apply to many other types of cases, not just debt collection. Those in opposition to the bill suggested courts could take action to modify the rules for commencing a lawsuit to apply a rule across the board and not simply single out debt collection agencies," according to a bill summary. The changes take effect July 28, 2019.

New Medical Debt Collection Requirements

The Washington Collectors Association was credited with helping to improve H.B. 1531, which amends the Washington Collection Agency Act.

"We are proud of the work we did and feel the outcomes of the bills we advocated for are fair reforms," Hamilton said. "We look forward to continuing conversations with consumer advocates and lawmakers and are

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AFFORDABLE CARE ACT

State Reinsurance Programs

Study shows states with their own reinsurance programs reduce individual market premiums by 19.9% on average in their first year.

Reinsurance programs provide a combination of state and federal funds to insurance companies to help offset losses they may incur by covering individuals who are sicker than originally anticipated. In response to recent individual market uncertainty and rising premiums, many states are pursuing reinsurance programs to mitigate insurers' risk and stabilize individual markets, as well as to help residents avoid unexpected premium increases while reducing the number of uninsured.

"For states looking to stabilize their individual markets, reinsurance programs may be an attractive opportunity," says Chris Sloan, associate principal at Avalere, a Washington, DC-based healthcare consulting firm. "State-based reinsurance programs have the potential to reduce premiums and are a good financial deal for states if they can identify a source of funding."

To date, seven states (AK, MD, ME, MN, NJ, OR, WI) created their own reinsurance programs using Section 1332 of the Affordable Care Act (ACA). These states receive federal funding for their reinsurance programs based on the amount the federal government would have spent on advanced premium tax credits (APTCs) to eligible individuals if the programs were not in place; this is known as pass-through funding.

To understand the impact of these programs, Avalere analyzed existing and actuarially estimated data from the seven states with approved reinsurance programs to estimate changes in individual market premiums, federal pass-through funding levels, and costs to the state.

Avalere's analysis finds that among the seven states with state reinsurance programs, premiums were 19.9% lower, on average, in the first year of enactment (Table 1). The premium reductions ranged from -6% to -43.4%.

In addition, Avalere's analysis estimates that, during the first year of enactment, reinsurance programs led to lower federal spending on APTCs of nearly $1 billion (Table 1) compared to what the federal government would have spent without a reinsurance program. The federal government must "pass through" a portion of these savings to the states to help fund their reinsurance programs. In total, the federal government has contributed nearly twice as much ($990.6 million) to state reinsurance programs as states ($509.1 million) in the first year of enactment.

Avalere's analysis also finds that states bear an average of 31.9% (ranging from 2.5% to 51.7%) of the total annual costs to run their reinsurance programs for an average of $72.7 million. These additional costs may hinder adoption of reinsurance programs by states with limited budget flexibility.

"Reinsurance programs have been effective at stabilizing individual market premiums and maintaining insurer participation," said Elizabeth Carpenter, practice director at Avalere. "Though the appetite for state reinsurance programs is high, securing state funding is an obstacle to additional states implementing these programs."

To learn more about Avalere's analysis of the reinsurance programs, visit the organization's website at www.avalere.com. This article was reprinted with permission from Avalere.

Table 1: Estimated Individual Market Impact of State Reinsurance Programs in Year of Enactment

State (Date of Enactment)	Percent Change in Average Individual Market Premiums	Federal Pass-Through Funding (millions)	State Reinsurance Funding (millions)	Percent of Program Cost Born by State	Enrollment in Year of Enactment
AK (2017)	-34.7%	$58.5M	$1.5M	2.5%	14,200
MN (2018)	-20%	$131M	$140M	51.7%	106,500
OR (2018)	-6%	$54.5M	$35.5M	39.4%	143,200
ME (2019)	-9.4%	$65.3M	$27.7M	29.8%	62,100
MD (2019)	-43.4%	$373.4M	$88.6M	19.2%	181,500
NJ (2019)	-15.1%	$180.2M	$143.5M	44.3%	331,000
WI (2019)	-10.6%	$127.7M	$72.3M	36.1%	203,000
State Average	**-19.9%**	**$141.5M**	**$72.7M**	**31.9%**	**148,000**
Total	—	**$990.6M**	**$509.1M**	—	—

Washington Debt Collection Bills *cont. from page 1*

committed to promoting fair and ethical standards for consumers but also desire to maintain and protect business and accountability."

Amendments to the Washington Collection Agency Act take effect July 28.

"There are many important components contained within this bill. The Washington State Hospital Association, Washington State Medical Association, and the Washington Collectors Association all made the bill better, and they are to be thanked for this work," according to the bill summary.

The prohibited practices section of the Collection Agency Act is amended to prohibit the following practices with respect to medical debt:

- failure to include with the first written notice to the debtor a statement that informs the debtor of his or her right to request the original account number, the date of the last payment, and an itemized statement;
- failure to provide, upon request of the debtor for more information, an itemized statement, and failure to cease collection efforts unless and until it is provided, with some exceptions;
- reporting adverse information to consumer credit reporting agencies or credit bureaus until at least 180 days after the original obligation was received by the licensee for collection or by assignment; and, if the claim involves hospital debt, failure to include certain information regarding charity care or collection during the pendency of an application for charity care about which the licensee has received notice.

> "I think anyone collecting medical debt in Washington state needs to pay close attention to the itemization requirements and make sure there are policies and procedures in place in terms of what triggers a request."
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> *– Kelsi Hamilton, CCCO, Unit Legislative Chair for the Washington Collectors Association*

"I think anyone collecting medical debt in Washington state needs to pay close attention to the itemization requirements and make sure there are policies and procedures in place in terms of what triggers a request," Hamilton said.

The bill also prohibits health care providers and facilities from selling or assigning medical debt to any person licensed as a collection agency until at least 120 days after the initial billing statement has been transmitted to the patient or other responsible party, according to the summary.

Katy Zillmer is ACA International's communications specialist.

NEWS & NOTES

WSJ: Public Health Insurance Legislation Announced In Connecticut

Connecticut Gov. Ned Lamont and fellow Democratic lawmakers reached an agreement to create a public option that will allow individuals and small businesses to purchase health insurance through the state. The proposal also calls for re-establishing the individual mandate—a centerpiece of the Affordable Care Act that required people to have health insurance or pay a penalty—that has since been eliminated at the federal level by Congress. The bill would also have the state seek permission from the federal government to buy prescription drugs from Canada and calls for taxing opioid manufacturers, according to Kaiser Health News.

Report Finds Johns Hopkins Suing Patients for Medical Debt

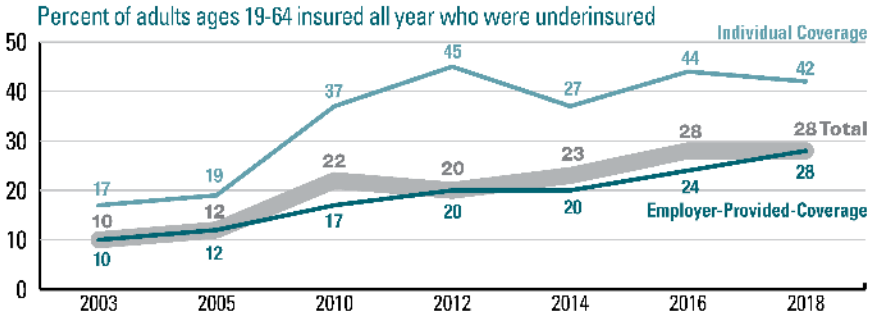
Johns Hopkins Hospital has filed more than 2,400 lawsuits in Maryland courts since 2009 against patients with unpaid bills, including a large number of residents from distressed neighborhoods surrounding the East Baltimore medical campus, according to an article published in The Baltimore Sun.

The number of cases has been increasing, from 20 in 2009 to a peak of 535 in 2016, according to a report released by the Coalition for a Humane Hopkins, which includes patients and neighborhood, faith and activist groups such as the AFL-CIO and National Nurses United, a union involved in a contentious organizing effort at Hopkins, the article revealed.

datawatch

Employer Plans Leaving More Adults Underinsured

Of people who were insured continuously throughout 2018, an estimated 44 million were underinsured because of high out-of-pocket costs and deductibles, according to the Commonwealth Fund. This is up from an estimated 29 million in 2010 (data not shown). The most likely to be underinsured are people who buy plans on their own through the individual market including the marketplaces. However, the greatest growth in the number of underinsured adults is occurring among those in employer health plans.



Source: Sara R. Collins, Herman K. Bhupal, and Michelle M. Doty, Health Insurance Coverage Eight Years After the ACA: Fewer Uninsured Americans and Shorter Coverage Gaps, But More Underinsured (Commonwealth Fund, Feb. 2019). https://doi.org/10.26099/penv-q932

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