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PULSE

Hospital Payment Guidelines Under Review by Maryland Stakeholder Working Group

The group is tasked with finalizing hospital payment guidelines under a new Maryland medical debt law.

A Maryland regulatory health commission is reviewing draft guidelines on payment plans as part of requirements in the state's new medical debt law, H.B. 565, which took effect Jan. 1.

The Health Services Cost Review Commission (HSCRC) Workgroup, which includes consumer advocates, health care providers, state regulators, consumer representatives and financial services industry members, met in January for the first of several meetings.

Under the Maryland law, a hospital must annually submit its policy on the collection of debts owed by patients as well as a specified report to the HSCRC.

The HSCRC must compile these submissions into an annual medical debt collection report.

Modernizing Payment Plan Options

During its Jan. 24 meeting, the HSCRC discussed several of the draft payment plan guidelines required by the law.

The draft guidelines "apply to payment plans offered by hospitals to all patients to pay for hospital services after the services are provided. These guidelines do not apply to pre-payment plans."

The draft payment plan guidelines stipulate that hospitals must make payment plans available to all patients irrespective of their insurance status, citizenship status or immigration status and eligibility for reduced cost care, including reduced cost care due to financial hardship.

Much of the Jan. 24 discussion focused on guidelines for notifying consumers about payment plan terms and making sure the payment plan information has details about financial assistance.

Members of the group also discussed how to incorporate technology into communications with consumers about the payment plans.

According to the draft payment plan guidelines, the notice of availability of payment plans must be included in writing with an information sheet required by the Code of Maryland Regulations (COMAR).

As required in COMAR section 10.37.10.26, the information sheet is provided before the patient receives scheduled medical services; before discharge; with the hospital bill; on request; and in each written communication to the patient regarding collection of the hospital bill.

This timing matches the requirements in H.B. 565 for providing information on payment plans.

For the notice of payment plan terms, hospitals shall provide a written copy of the payment plan to the patient before the due date of the patient's first payment, according to the draft payment plan guidelines.

The payment plan must state:

- The amount of medical debt owed to the hospital.
- The amount of each periodic payment expected from the patient under the payment plan.
- The number of periodic payments expected from the patient under the payment plan.

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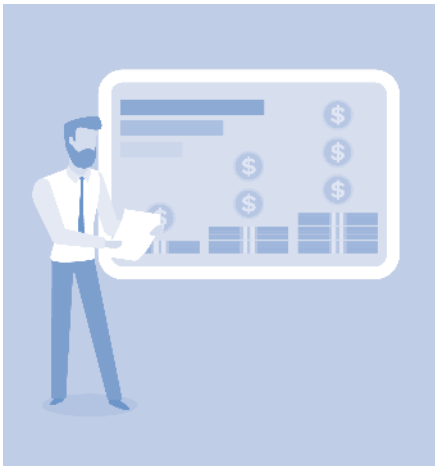

Hospital Payment Guidelines cont. from page 1

- The expected due dates for each payment from the patient.
- The expected date by which the account will be paid off in full.

Jedd Bellman, assistant commissioner at the Office of the Maryland Commissioner of Financial Regulation, said during the Jan. 24 meeting that the notice of payment terms could be modified for consumers who prefer digital communication methods, similar to the modernization of the Fair Debt Collection Practices Act by the Consumer Financial Protection Bureau through Reg F.

The group also discussed draft guidelines on payment amounts. Under a payment plan subject to these guidelines, a hospital shall not require a patient to make total payments in a month that exceed 5% of the lessor of the individual patient's family federal or state adjusted gross monthly income for all medical debt with the hospital incurred by a family.

The group discussed suggested language related to a hospital consolidating multiple debts from a patient into a single payment plan and whether it is useful/necessary to provide for periodic adjustments to the amount of the monthly payments based on changes in the individual patient's family federal or state adjusted gross monthly income.

At its February meeting, the group reviewed draft guidelines on the duration of payment plans, interest on medical debt, modification of repayment plans and termination of payment plans.

Next Steps

ACA and the Mid-Atlantic Collectors Association continue to work closely with the Maryland Office of the Commissioner of Financial Regulations as it considers regulations and guidance to implement the new law.

The HSCRC met Feb. 28 to continue the review of draft payment guidelines and the aim is for HSCRC staff to revise the guidelines based on input from stakeholders and present them at the March 9 HSCRC commission meeting.

There will be time for public comments on the proposed guidelines before they are presented to the commission again in April. It is expected that final guidelines will be presented at the HSCRC's May commission meeting.

View meeting recordings, the draft guidelines, Maryland's legislation and register for upcoming meetings on the topic here.

Read more about the Maryland law and other states implementing medical debt laws in the January/February issue of Collector magazine.

Large Hospital Mergers Altering the Health Care Landscape

Hospitals and health care systems continue to enter into fewer mergers and acquisitions as the pandemic persists, reflecting a larger shift in the future of health care.

Research from Kaufman Hall shows a decline in hospital mergers and acquisitions (M&A) over the course of 2021, largely due to the COVID-19 pandemic, according to the company's 2021 M&A report.

There were 49 transactions announced by hospitals and health systems last year, down significantly from the 79 transactions announced in 2020, which was a record low at the time. In prior years, the number of announced transactions were close to or exceeded 100.

While the number of hospital mergers and acquisitions remained low, the size of those few announced transactions were significantly high, as previous quarterly reports from Kaufman Hall have shown.

The report identified eight "mega-mergers" in which the seller or smaller partner had over $1 billion in annual revenue. The average size of the smaller partner by annual revenue increased to $619 million from $388 million in 2020.

This data continues to point to a new trend in health care consolidation. Researchers noted that the average smaller partner size by annual revenue has grown at a compound annual growth rate (CAGR) of about 8% since 2011, according to the report.

One reason for the shift in hospital M&A activity in 2021 was that fewer independent, unaffiliated community hospitals sought partnerships. The reasons for seeking a partnership may have also shifted.

"Organizations are focused on partnerships with a strong strategic rationale and have become increasingly selective in identifying potential partners," according to a summary of the report by Anu Singh, managing director at Kaufman Hall. "They seek partnerships that will have a transformative impact through the addition of new capabilities, enhanced intellectual capital, and access to new markets or services."

The COVID-19 pandemic has further changed the health care landscape, researchers say. Although hospitals and health systems have historically experienced financial disruptions, they have never in recent history experienced a disruption of their core operations as they have during the pandemic. These disruptions in the supply chain and labor market have further put pressure on operating margins and that may continue in the long term, the report predicts.

Societal impacts of COVID-19 are causing increased demand for specialty services in areas such as behavioral health and home health, and the shifting M&A trends reflect that.

Read the full report here: https://bit.ly/3FFiKww.

NEWS & NOTES

Hospitals Delay Surgeries Due to Omicron

Omicron and staffing constraints pushed hospitals and health systems to once again suspend nonurgent, elective procedures in January and February—a move that hurts patients and their care teams, according to an article from *The Washington Post*. "We seem to be back to square one," Kenneth Kaufman, chair and founding partner of Kaufman Hall, told *The Washington Post* in January. "Omicron has significantly compounded staffing shortages in a very profound way."

The delays continue as vaccinated health care professionals experience mild breakthrough cases that are temporarily taking them out of the workforce.

5% of Hospitals Meet Price Transparency Rule Compliance

Approximately 5% of hospitals are complying with the Centers for Medicare & Medicaid Services price transparency rule that went into effect on Jan. 1, 2021, according to an article from *Fierce Healthcare*.

The price transparency rule requires health systems to publicly post the costs of their items and services online, including standard charges for all items and services for all payers and health plans, in addition to prices for the 300 most common services. Out of the random sample of 500 hospital websites, the analysis found 471 facilities did not post a complete machine-readable file of standard charges.

Read More

For more health care collections news, members can visit ACA's *Pulse* archives at www.acainternational.org/pulse-newsletters-archive/.

ACH Network Payment Volume Grew 6.1% During the Fourth Quarter of 2021

With 112.2 million payments, this is the second consecutive quarter above the 100 million mark, according to a report from Nacha.

ACH Network volume grew 6.1% during the fourth quarter of 2021, marked by strong gains in the health care and business-to-business (B2B) sectors and same-day ACH payments, according to a report from Nacha.

Additionally, health care claim payments to medical and dental practices recorded a 13.4% rise in the fourth quarter of 2021—426 million more than the same time in 2020, as professionals continue to recognize the convenience and safety of receiving their funds electronically. With 112.2 million payments, this is the second consecutive quarter above the 100 million mark.

"The fourth quarter results reaffirm what we have been seeing almost from the start of the pandemic: a sustained move to electronic payments among businesses, consumers and governments," said Jane Larimer, Nacha president and CEO, in the report. "The nation is well-served by the modern ACH Network."

Overall, B2B payments—which were on the rise even before the pandemic accelerated the move toward electronic payments—increased by 17.4%.

Direct deposit volume declined 1.4% from 2020, when the second round of economic impact payments was included in the volume and expanded unemployment benefits expired during the third quarter of 2021.

Same-day ACH volume and value rose 75.1% and 92.9% respectively in the fourth quarter with 169.3 million total payments valued at $268.4 billion.

"Businesses are increasingly seeing the power of [s]ame-[d]ay ACH as a safe and reliable way to make faster payments," Larimer said.

Read the full report here: https://bit.ly/33sYsJH

Health care claim payments to medical and dental practices recorded a 13.4% rise in the fourth quarter of 2021.

DATAWATCH

A survey from Discover Personal Loans found that 80% of people with medical debt reported delaying their medical care due to cost. Within that group, 44% of Americans with medical debt put off routine care, 39% avoided purchasing medicine, 38% put off receiving preventative testing, 33% put off being seen for an illness, and 27% put off surgery. Additionally, medical debt has caused Americans to delay financial commitments, including paying bills, skipping on retirement savings and adding to their emergency savings, and saving for their child's college, according to the findings.

Source: Discover Financial Services https://bit.ly/35ieKWt

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

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