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PULSE

Health Care Data Breaches on the Rise

Hundreds of health care-related data breaches have been reported to the U.S. Department of Health and Human Services this year, affecting millions of consumers.

Episource, a medical coding and risk adjustment company, recently announced a data breach impacting over 5.4 million patients. This breach exposed sensitive information, including health insurance data, medical records, and personal identifiers.

Episource Breach Details

On Feb. 6, 2025, Episource detected unusual activity in its systems.

"We began investigating right away and hired a special team to help us. We also called law enforcement. We turned off our computer systems to help protect the customers we work with and their patients and members," according to a notice the company posted. "We learned from our investigation that a cybercriminal was able to see and take copies of some data in our computer systems."

Episource said it is not yet aware of any misuse of the data, which may have included contact information (such as name, address, phone number and email), plus one or more of the following:

- Health insurance data such as health plans/policies, insurance companies, member/group ID numbers, and Medicaid-Medicare-government payor ID numbers;
- Health data such as medical record numbers, doctors, diagnoses, medicines, test results, images, care, and treatment;
- Other personal data such as Social Security number (in limited instances) or date of birth.

"To date, no hacker group has claimed responsibility for the attack, and no data trove stemming from the breach has been found on the dark web," Health Exec reported.

Yale New Haven Health System Breach

The largest health care breach reported to regulators this year was suffered by the Yale New Haven Health System, affecting more than 5.5 million consumers.

Yale New Haven first identified unusual activity in its systems on March 8, when an unauthorized third-party gained access to its network and obtained copies of data including demographic information, Social Security number, patient type, and/or medical record number. No financial accounts, payment information or employee HR information was included.

"The cybersecurity incident at Yale New Haven comes after a record-breaking year for cyberattacks and data breaches in the health care sector," *Health Care Dive* reported. "In early 2024, UnitedHealth-owned claims processor and technology firm Change Healthcare was targeted by ransomware, taking its systems offline and setting off a wave of disruption across the industry. In January, the company said data of about 190 million people was compromised in the attack — the largest health care breach ever reported to federal regulators."

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The Threat to Health Care Organizations

Health care organizations are frequently targeted by cybercriminals due to the valuable data they possess. This data can be exploited in various malicious activities, such as phishing schemes, identity theft, and other scams.

By obtaining sensitive information from health care entities, criminals can create highly personalized and realistic-looking emails. These emails are designed to deceive recipients into either downloading malware or divulging their login credentials, thereby compromising their security.

The rising number of data breaches in the health care sector highlights the critical need for enhanced cybersecurity measures.

Nevada Governor Vetoes Bill on Medical Debt Collections

Nevada Gov. Joe Lombardo vetoed a bill in June that sought to enact requirements on medical debt collections by health care providers and collection agencies.

The bill, AB 204, would have prohibited a provider or collection agency from "engaging in extraordinary collection actions until at least 180 days after the first bill for a medical debt is sent to a consumer."

Extraordinary collection actions are defined in the bill as:

- Selling medical debt to a collection agency.
- Any action that requires a legal or judicial process except for placing a lien on third-party settlements.
- Reporting, furnishing or threatening to report or furnish any information regarding a medical debt to a consumer reporting agency.
- Garnishing or threatening to garnish the wages of a consumer.

The bill would have prohibited a health care provider or collection agency from engaging in extraordinary collection actions during a state of emergency or public health emergency. It also would have suspended the statute of limitations during the same time.

Existing law in Nevada governs medical debt collections, such as S.B. 248.

The law requires that debt collectors provide consumers with a 60-day notice of placement or assignment before taking any "action to collect" a medical debt. The law also requires that a 60-day notice be sent by certified or registered mail. In addition, the law restricts certain medical debt collection practices, including limitations on civil actions (lawsuits) to collect medical debt, restraints on credit reporting medical debt, and caps on collection fees (including attorney's fees) that creditors may collect on delinquent medical debt balances sent to legal collections.

From the Web: Why Hospitals are Seeing an Increase in Bad Debt

Hospitals are experiencing an increase in bad debt, primarily due to the growing financial burden on patients to cover health care costs, [according to a recent article in Modern Healthcare.]

According to Kaufman Hall, bad debt as a percentage of gross revenue increased by a median of 2.9% year over year, based on data from 700 hospitals. Bad debt arises when expected payments from patients or payers are not collected, leading providers to eventually write off these balances.

The article notes several factors that are contributing to bad debt today:

1. Payer Mix and Insurance: Hospitals serving more uninsured or government-insured patients face higher risks of bad debt. However, bad debt is rising across all hospital types, regardless of patient insurance status.

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NEWS & NOTES

New Oregon Law Aims to Curtail Private Equity in Health Care

Oregon has enacted the nation's toughest law against private equity in health care, according to an article in Healthcare Dive. The law prohibits non-physician investors from owning medical practices, and aims to close loopholes that allowed corporations to gain ownership by employing physicians as clinic owners. The law includes a three-year adjustment period for clinics, exempting hospitals and certain health facilities. Supported by nurse associations, it faces opposition from surgery centers reliant on private investment. Sen. Elizabeth Warren, D-Massachusetts, praised the law, urging Congress to adopt similar measures nationwide.
Read more in Healthcare Dive.

Health Care Industry Braces for Impact as New Tariffs Threaten Rising Costs and Access

Health care leaders are facing challenges due to new tariffs imposed by President Donald Trump, Becker's Hospital Review reports. As of April 5, all imports into the U.S. have a 10% baseline tariff, with additional tariffs targeting countries with trade imbalances temporarily paused for negotiations. The forthcoming tariffs on pharmaceuticals could lead to companies relocating production to the U.S. This move is expected to significantly affect health care costs. For example, Providence Health said it anticipates a $10 million to $25 million annual increase in costs due to tariffs. A survey found 82% of health care providers expect systemwide cost increases of at least 15% in the next six months. Medical device companies are also reporting substantial tariff-related costs, prompting major health care organizations to request exemptions to avoid worsening care access. Read more at Becker's Hospital Review.

Learn More

For more health care collections news, visit ACA's Health Care Collections page at *www.acainternational.org/pulse-newsletters-archive*

From the Web cont. from page 3

2. **High-Deductible Health Plans:** These plans require patients to cover significant out-of-pocket costs, contributing to increased bad debt. For instance, Cleveland Clinic reported that 87% of its bad debt in 2024 came from insured patients failing to pay their share.
3. **Payer Denials:** Initial denial rates increased by 7.6% year over year, with final claims denials rising by 33.3%. These denials often involve disputes over inpatient versus observation-level reimbursement.

Strategies for Mitigation

The article suggests several strategies for bad debt mitigation, including enhancing front-end processes by securing prior authorizations and verifying insurance. Additionally, hospitals should proactively screen patients for financial assistance and offer interest-free payment plans. It's also important to allocate resources efficiently by concentrating efforts on claims that have the potential for financial return.

Medicare Advantage Patients Face Longer Hospital Stays

Recent research conducted by NORC at the University of Chicago highlights significant differences in hospital stay durations and access to follow-up care between Medicare Advantage enrollees and traditional Medicare beneficiaries. The study, commissioned by the Coalition to Strengthen America's Healthcare, reveals that Medicare Advantage patients tend to experience longer hospital stays and reduced access to post-acute care (PAC).

Key Findings

NORC researchers analyzed data from 2018 to 2022, discovering that Medicare Advantage patients had hospital stays averaging 40% longer than those with traditional Medicare. Additionally, Medicare Advantage hospital discharges to PAC settings increased by 5.6%, while traditional Medicare discharges decreased by 1.5%. PAC settings include skilled nursing facilities, home health agencies, and long-term acute care hospitals.

Despite these increases, traditional Medicare beneficiaries were more frequently discharged to higher acuity PAC settings, such as in-patient rehabilitation hospitals. The median hospital length of stay prior to discharge remained at five days for traditional Medicare beneficiaries, whereas it increased from six to seven days for Medicare Advantage enrollees.

Implications and Recommendations

The study suggests that prior authorization and denials may adversely affect access to PAC services for Medicare Advantage beneficiaries.

"These findings raise serious concerns that Medicare Advantage plans are delaying or denying critical follow-up care that helps older adults recover, regain independence, and avoid complications," said Ed Patru, spokesperson for the Coalition to Strengthen America's Healthcare.

DATAWATCH

Public Concerns Over Potential Medicaid Cuts

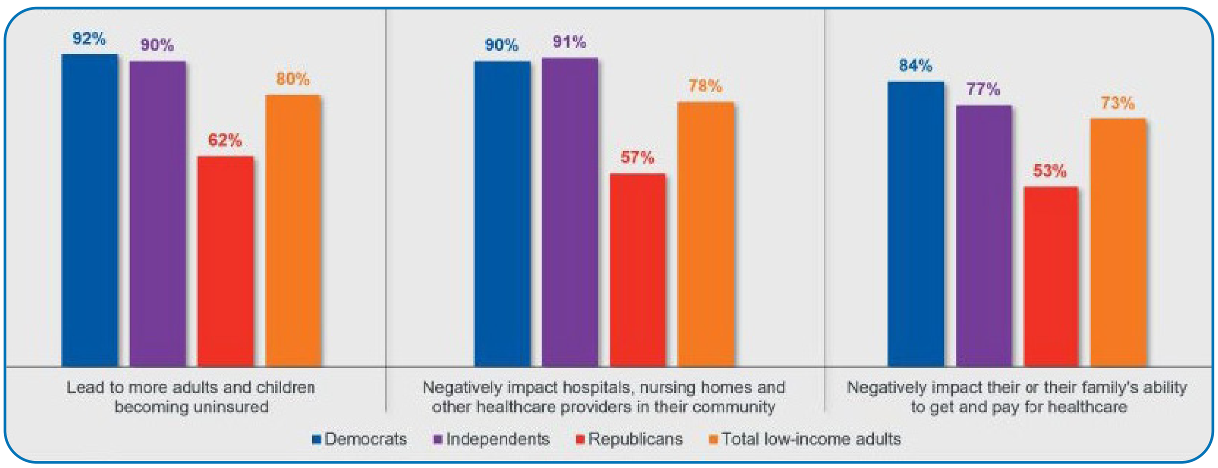
Recent survey data from KFF highlights how the public currently feels about potential Medicaid cuts. Across party lines, more than half of low-in come adults worry these cuts would increase uninsured rates, harm local health care providers and negatively impact their families' ability to afford care.

The survey indicates a notable difference in concern levels across political lines. Approximately 90% of Democrats and independents are worried about the potential effects on the uninsured rate and health care providers. While still concerned, Republicans show comparatively less anxiety about these issues.

This data underscores the widespread apprehension about Medicaid cuts and their potential impact on health care and affordability.

Worry About Medicaid Cuts in One Big Beautiful Bill Transcends Party Lines

Percentage of low-income respondents' concerns about Medicaid cuts by party affiliation, May 2025



Source: *KaufmanHall Gist Graphic of the Week;* https://tinyurl.com/j7sfuae3

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Communications Department
ACA International
3200 Courthouse Lane
Eagan, MN 55121
comm@acainternational.org

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