



Issue: S. 355 - COVID-19 Medical Debt Collection Relief Act

Background: Understanding our nation's healthcare system has long been a challenge for patients, consumers and legislators. COVID-19 has added an exponential factor to that equation. Legislation like S. 355, the *COVID-19 Medical Debt Collection Relief Act*, does little to address or explain the challenges inherent within healthcare.

Healthcare is currently 18% of the U.S. economy against the Gross Domestic Product (GDP) index¹. The Self-pay or patient due portion of a healthcare provider's receivables may range conservatively from 10-20% of their total account receivables. A moratorium on collecting that portion is effectively cutting off 2-4% of GDP for 18 months. According to a recent report from Kaufman Hall that was commissioned by the American Hospital Association, hospitals may already lose between \$53 billion and \$122 billion in 2021 due to the lingering effects of Covid-19². This is in addition to the estimated \$300 billion in losses that hospitals and providers experienced in 2020 due to reduced volumes during the pandemic. Legislation that prevents hospitals from recovering such a large portion of their account receivable is cause for pause and concern.

Even before COVID-19, hospitals and providers were faced with extreme financial challenges. Reimbursements for healthcare services for patients that present for treatment with Medicare and/or Medicaid as the primary payer do not cover the cost of providing the care to the patient. In many hospitals across the country, approximately 70% of patients treated have Medicare and/or Medicaid as their primary source of payment to the healthcare provider. Pair that with the complex and non-standardized commercial insurance regulations designed to minimize payment, and it becomes easy to see why healthcare providers are operating on razor thin margins.

The situation is further complicated by the lack of understanding patients have in how their portion of the bill is determined, and what programs may be available to help them pay their out-of-pocket responsibility. Extensive measures have been taken within the industry to improve communication and education of patients regarding their healthcare responsibilities. The American Association of Healthcare Administrative Management (AAHAM) created a Task Force of healthcare providers and industry experts to address these specific areas. Our Patient Financial Advocates (PFA) assist patients with these healthcare complexities to help them understand their portion of the bill and to assist them in finding resolution for their balance. Resolution may mean payment in full, a payment plan designed to meet an individual patient's financial capabilities, qualifying patients for other insurance coverages, or navigating them through applying for financial assistance. This is exactly why legislation like S. 355, the *COVID-19 Medical Debt Collection Relief Act*, ultimately harms the patient's ability to resolve their balance.

The AAHAM Task Force for Patient Financial Advocates created a national standard and pledge which is applicable to providers and vendors alike, Navigating Insurance Complexity through Education; the N.I.C.E. Pledge:

- **Navigate:** PFA's inform patients of programs and grants available to them and how to apply.
- **Insurance:** PFA's explore other types of insurance that could be applicable to their situation.
- **Complexity:** PFA's automatically qualify patients for financial assistance programs.
- **Education:** PFA's coach patients on healthcare financial language so they can make informed decisions.



S. 355 would limit a PFA's ability to communicate and help patients maneuver their healthcare out-of-pocket costs. This is not good for the patient, the hospital, or the community.

Impacts: S. 355 was introduced on February 22, 2021 by Senators Chris Van Hollen (D-MD), Jeff Merkley (D-OR), Sherrod Brown (D-OH), and Richard Blumenthal (D-CT). The bill was referred to the Senate Health, Education, Labor, and Pensions (HELP) Committee.

The bill would:

- Suspends all extraordinary collection actions by health care providers for all medical debt (e.g. wage garnishment, bank account seizure) during the covered period (i.e. from Feb. 1, 2020, until the latter of the end of the public health emergency or 18 months after enactment of this bill). **AAHAM does not oppose this position.**
- Allow suspension of existing repayment plans during the covered period for any medical debt and ensure reasonable forbearance and repayment options for consumers. Interest or fees shall not accrue while the payment plan is suspended.

AAHAM opposes this position. Suspending all payment plans for services incurred from February 1, 2020 through 18 months after the pandemic will cripple hospitals and will ultimately lead to higher healthcare costs. AAHAM urges Congress instead to continue to allow our Patient Financial Advocates to communicate with patients during this time to ensure patients have the information and assistance they need to navigate the complex healthcare cost maze. Patients need access to information in a timely manner and Patient Financial Advocates on the first line of resources for them.

- Individuals who have established payment plans for unpaid medical debts would be allowed to suspend those payments until the covered period of the law expired. The law would also bar any interest from accruing or any additional fees to be added to the unpaid balance. .

AAHAM opposes this position. Suspending all payment plans for services incurred from February 1, 2020 through 18 months after the pandemic is over will cripple hospitals and will ultimately lead to higher healthcare costs. AAHAM urges Congress instead to continue to allow our Patient Financial Advocates to communicate with patients during this time and to allow AAHAM to continue to educate members of Congress on the good that our PFA's provide to each community through education and navigation.

- Implement consumer protections for medical debt that was incurred between Feb. 1, 2020, and 60 days after the end of the public health emergency for COVID-19-related testing and treatment, including:
 - One-year extension of federal and state health insurance appeal deadlines. **AAHAM does not oppose.**
 - Prohibition on accrual and collection of fees and interest related to these debts. **AAHAM does not oppose.**



- Prohibition on any extraordinary collection actions.
AAHAM does not oppose.
- Hold health care providers and their agents liable for failure to comply.
AAHAM does not oppose.

AAHAM Recommendation:

AAHAM recommends the removal of the suspension of repayment plans and the inability to collect interest on outstanding debt from S.355. AAHAM Patient Financial Advocates play a critical role in assisting patients with navigating insurance coverage and other options available to help cover the cost of patient due out of pocket expenses. By suspending payment plans, S.355 eliminates the communication that occurs between PFAs and the community they serve. Eliminating hospitals from receiving this reimbursement when appropriate will only increase the total cost of healthcare and will continue to cripple hospitals that have already lost billions of dollars during the pandemic.

A moratorium on collection activity across healthcare negatively impacts the overall economy and will potentially force the closure of hospitals around the country. This will further limit the availability of medically necessary care and negatively impact the most vulnerable in our communities.

Footnote: ¹ National Health Expenditures Data, CMS.gov (2020)

²Covid-19 in 2021: The Potential Effect on Hospital Revenues, Kaufmanhall.com