



COLORADO CENTER
on LAW & POLICY

Justice and Economic Security for *all* Coloradans

Hospital Payment Assistance Act

The “Hospital Payment Assistance Act” (SB12-134) helps working families who cannot afford insurance to responsibly pay their hospital bills.

Uninsured patients, who do not have the bargaining power of large insurance companies or public programs, are charged much higher prices for hospital care than those with insurance. Public programs and private insurers negotiate lower prices with hospitals. Uninsured patients are the only group that pays the full listed prices for hospital care. These higher prices are a significant hardship for working families that already struggle to afford medical care, forcing many patients to go into debt, or even declare bankruptcy.

Why is SB12-134 Needed?

Colorado Background Information:

- A Colorado Health Access Survey reported that 21% of Coloradans have difficulty paying their medical bills.
- The Colorado Center on Law and Policy’s study, *The Cost of Care: Can Coloradans Afford Health Care* found that families that spend more than 5% of their annual income on health care are forced to reduce or eliminate savings and educational investments.
- The latest Medicare cost reports show that total hospital charges in Colorado were 384% of total hospital costs, demonstrating that charges were significantly more than the cost of delivering care.
- In a survey of Colorado hospitals, the Colorado Consumer Health Initiative found that hospital charity and discount care policies were not always available online and the policies that were online were not easily accessible.

National Background Information:

- An American Journal of Medicine Study reported that 62.1% percent of all US bankruptcies in 2007 were attributable to high medical costs.

- Families that experienced bankruptcy due to medical debt were more likely to have a lapse in health coverage in the two years before they filed.
- The average out-of-pocket medical costs for a family that declared bankruptcy were \$17,943.

The Three Components of the Hospital Assistance Program:

- 1. Increased transparency standards:** SB12-134 would require hospitals to make information about discount programs and charity care available in hospitals and on hospital websites. Patients would also receive this information while they are in the hospital and included with their hospital bills.
- 2. Debt collection standards:** SB12-134 would require hospitals to screen uninsured patients for the discount program established by the bill, as well as any other financial assistance or charity care programs offered by the hospital before beginning collections procedures. The bill would also require hospitals to offer payment plans to uninsured patients. The annual amount collected under a payment plan would be limited to 5% of a patient's annual income.
- 3. Limits on hospital prices for the uninsured:** SB12-134 would limit the amount that low-income uninsured patients (400% of Federal Poverty Level or below) would be required to pay on a hospital bill to the actual cost of providing care. A hospital's cost of providing care would be established by reference to annual Medicare cost reports.

SB12-134 allows all patients to pay off their medical debt in a responsible manner.

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