

Testimony in Support of Senate Bill 683: An Act Concerning Hospital Billing and Collection Efforts by Hospitals and Collection Agents

Universal Health Care Foundation of Connecticut

March 24, 2021

Thank you to the co-chairs and members of the Public Health Committee for the opportunity to submit testimony in support of SB 683, *An Act Concerning Hospital Billing and Collection Efforts by Hospitals and Collection Agents*.

High hospital prices pose a major financial risk to Connecticut residents, even to those with health insurance coverage. We appreciate the aim of SB 683 to update current law to better protect consumers from unaffordable and potentially ruinous hospital bills.

Outpatient Settings

SB 683 enhances current law by specifying that protections apply to care received in outpatient settings. This is particularly important as more and more care is delivered on an outpatient basis. And, as a recent study shows, hospital prices charged to privately insured patients tend to be much higher than inpatient prices, when compared to the benchmark of Medicare rates.¹ The study found private rates relative to Medicare rates ranged widely, from 146% of Medicare for Waterbury Hospital to 349% for Stamford Hospital. Ten hospitals charged over 225% of Medicare rates, as shown in the table below:

Connecticut Hospital Outpatient Private Insurance Rates
More Than 225% Above Medicare Rates

2016-2018

Hospital	Health System	Outpatient Relative Price 2016-2018
Stamford Hospital	Stamford Health	349%
The Hospital of Central Connecticut	Hartford Healthcare	262%
Norwalk Hospital	Western Connecticut Health Network (now Nuvance)	254%
Yale-New Haven Hospital	Yale New Haven Health	246%
The William W. Backus Hospital	Hartford Healthcare	242%
Windham Community Memorial Hospital	Hartford Healthcare Corporation	241%
Danbury Hospital	Western Connecticut Health Network (now Nuvance)	238%
Midstate Medical Center	Hartford Healthcare	237%
Hartford Hospital	Hartford Healthcare	228%
Middlesex Hospital	Middlesex Health	227%

In contrast, inpatient rates had less variation and did not go as high, ranging from UConn's John Dempsey Hospital at 115% of Medicare to Middlesex Hospital at 223%.

Underinsurance

SB 683 importantly updates the law to protect the hundreds of thousands of people in our state who are underinsured. The increasing prevalence of high deductible health plans means that more and more of the cost of care is being shifted onto consumers, should they have the misfortune to actually require inpatient or outpatient treatment.

In a recent survey of Connecticut residents, 51% of Connecticut adults said they experienced a health care affordability problem in the past year.ⁱⁱ

- 24% delayed going to the doctor or having a procedure done
- 20% avoided care altogether
- 19% skipped a recommended medical test or procedure

Overall, the survey found that 3 in 4 adults (74%) reported being “worried” or “very worried” about affording some aspect of health care in the future, including:

- 59%—Affording the cost of health insurance
- 55%—Cost of a serious illness or accident
- 48%—Cost of prescription drugs

High deductible health plans are a major cause of underinsurance in our state. They essentially shift the costs and risks of getting sick onto consumers. When consumers choose a high deductible plan, they are making a major gamble that they will not get seriously ill or injured. If their bet turns out to be wrong, they can end up on the hook for thousands of dollars of medical bills, bills that many of them cannot afford to pay. That is why the protections for the underinsured proposed by SB 683 are so desperately needed.

Interest Rates and Statute of Limitations

We support lowering the interest rate hospitals can charge on medical debt far below the current rate of 9%. Another change the committee should consider is lowering the statute of limitations on medical debt court cases. In 2020 New York decreased the length of time from six years to three years.ⁱⁱⁱ

We urge committee members to pass SB 683.

Universal Health Care Foundation of Connecticut's mission is to serve as a catalyst that engages residents and communities in shaping a democratic health system that provides universal access to quality, affordable, equitable health care and promotes health in Connecticut. We believe that health care is a fundamental right and that our work is part of a broader movement for social and economic justice.

ⁱ Whaley, C. M., Briscoe, B., Kerber, R., O'Neill, B., & Kofner, A. (2020). *Nationwide evaluation of health care prices paid by private health plans: Findings from round 3 of an employer-led transparency initiative*. RAND Corporation. https://www.rand.org/pubs/research_reports/RR4394.html

ⁱⁱ *Connecticut Residents Struggle to Afford High Healthcare Costs; COVID Fears Add to Support for a Range of Government Solutions Across Party Lines: Data Brief No. 79*, September 2020, Altarum Healthcare Value Hub Consumer Health Experience State Survey, <https://universalhealthct.org/application/files/6716/0565/7200/Hub-Altarum-Data-Brief-No.-79-Connecticut-Affordability-Brief.pdf>

ⁱⁱⁱ End Medical Debt Campaign, Community Service Society of New York, <https://www.cssny.org/campaigns/entry/end-medical-debt#>