The Health Care Cost Transparency Board's

Advisory Committee of Health Care Stakeholders

August 21, 2024

Washington State Health Care Authority

Tab 1

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Health Care Cost Transparency Board's
Advisory Committee Health Care Stakeholders

Wednesday, August 21, 2024
2:00 – 3:30 PM
Hybrid Zoom and in-person

Agenda

Members of the Advisory Committee of Health Care Stakeholders		
☐ Emily Brice	☐ Adriann Jones	☐ Natalia Martinez-Kohler
☐ Patrick Connor	☐ Jodi Joyce	☐ Sulan Mylnarek
☐ Bob Crittenden	☐ Louise Kaplan	☐ Michele Ritala
☐ Paul Fishman	☐ Stacy Kessel	☐ Paul Schultz
☐ Justin Gill	☐ Eric Lewis	☐ Dorothy Teeter
☐ Nariman Heshmati	☐ Vicki Lowe	☐ Wes Waters

Chair of the Advisory Committee of Health Care Stakeholders	Eileen Cody

Time	Agenda Items	Tab	Lead
2:00-2:05 (5 min)	Welcome, Agenda, Introduction of New Member, and Roll Call	1	Eileen Cody, Chair
2:05-2:10 (5 min)	Approval of June 2024 Meeting Summary	2	Eileen Cody, Chair
2:10-2:15 (5 min)	Public Comment	3	Hope Kilbourne Health Care Authority
2:15-2:20 (5 min)	Update of 7/30 Cost Board Meeting	4	Eileen Cody, Chair
2:20-2:50 (30 min)	State Protections Against Medical Debt Presentation	5	Gary Cohen Health Management Associates (HMA) Maanasa Kona, J.D., L.L.M. Center on Health Insurance Reforms, Georgetown University
2:50-3:25 (35 min)	Medical Debt Policy Prioritization Discussion	6	Gary Cohen HMA
3:25	Adjourn		Eileen Cody, Chair

Welcome New Member!

Advisory Committee of Health Care Stakeholders

- Michele Ritala
  - Representing business organizations, nominated by Purchaser Business Group on Health
  - 20 years of experience managing employee health benefits for up to 340,000 lives
  - Currently works for King County Department of Human Resources as the Health Benefits Strategic Planner

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Health Care Cost Transparency Board's

Advisory Committee of Health Care Stakeholders

June 12, 2024

Virtual meeting held electronically (Zoom) and in person at the Health Care Authority (HCA)
2 – 3 p.m.

Note: this meeting was video recorded in its entirety. The recording and all materials provided to and considered by the committee is available on the **Advisory Committee on Health Care Stakeholders' webpage**.

Members present

Emily Brice
Patrick Connor
Paul Fishman
Justin Gill
Adriann Jones
Jodi Joyce
Louise Kaplan
Stacy Kessel
Eric Lewis
Vicki Lowe
Natalia Martinez-Kohler
Sulan Mylnarek
Paul Schultz
Dorothy Teeter
Wes Waters

Members absent

Bob Crittenden
Nariman Heshmati

Call to order

Rachelle Bogue, committee facilitator, called the meeting of Advisory Committee of Health Care Stakeholders (committee) to order at 2:04 p.m.

Agenda items

Welcoming remarks

Rachelle Bogue welcomed committee members and provided an overview of the meeting agenda.

Washington State Health Care Authority

Introduction of New Chair

Eileen Cody was introduced as the new chair for the Advisory Committee of Health Care Stakeholders.

Meeting summary review from the previous meeting

The members present **voted by consensus to approve** the September 7, 2023, Advisory Committee of Health Care Stakeholders summary.

Purpose of Stakeholder Committee and Review of Charter

Chair Eileen Cody
Liz Arjun, Health Management Associates (HMA)

In 2024, the Legislature passed HB 1508 creating the committee and expanding membership to include consumers and purchasers. Chair Cody reviewed the purpose of the committee which is to assist the Health Care Cost Transparency Board (Cost Board) through collaboration, representation, and participation. This is all detailed in the committee's charter and includes sections on membership requirements, responsibilities, and accountability and reporting.

A committee member recommended adding employers and businesses to the list of stakeholder groups "member responsibilities" in the charter. Chair Cody said HCA staff will update the charter.

Policy Discussion: Medical Debt

Gary Cohen, HMA

In April 2024, the Cost Board received a presentation concerning medical debt from Noam Levey with the Kaiser Family Foundation. The work of the Cost Board has shown clearly that the cost of health care is high and continues to increase. More and more Washingtonians are impacted by a growing portion of out-of-pocket expenses, as are others in the US. Currently, over 100 million Americans have medical debt. Millions are skipping or postponing needed medical care or have experienced economic hardships because of medical debt. Black and low-income Americans are disproportionately impacted compared to their representation in the general population. Nationally, two-thirds of hospitals sue patients or take other legal action and two-thirds of hospitals report patients with outstanding bills to credit reporting agencies to collect on medical debt.

Washington law requires a 120-day waiting period before medical debt can be sent to a credit reporting agency. However, it is not prohibited as in some states. Recently, the Consumer Finance Protection Bureau (CFPB) released a proposed rule banning medical debt from being reported to credit agencies. If the CFPB rule is adopted, it would become a federal law. Unlike some states, Washington does not require that low-income and uninsured patients be offered a payment plan. Concerning charity care, Washington requires larger hospitals (about 80% of hospitals in the state) provide care at no or at a discounted out-of-pocket cost to patients at 300% of the federal poverty level up to 400%. However, it is unclear how closely the policy is followed by relevant hospitals. For example, Washington State Attorney General recently settled with Providence, requiring fines, refunds and forgiven debt for failure to comply with charity care requirements. The process for applying for and receiving charity care could be simplified. Washington requires a waiting period and an eligibility screen for charity care before a bill is sent to collections, but not before the bill is sent to the patient. Unlike Washington, six states (Illinois, Nevada, Rhode Island, Pennsylvania, Texas, and Utah) require hospitals to provide a minimum amount of charity care. Oregon uses a formula that considers a hospital's revenue and operating margin to determine the minimum amount for charity care it is required to provide.

Three discussion questions were proposed:

1. While the Cost Board continues to evaluate policies that could impact health care costs, what can and should be done to protect patients and consumers?
2. Are there any policies related to addressing medical debt that you would like to discuss in more detail?
3. Are there any policies that have not been identified to address medical debt that you would like to discuss more?

A committee member asked about the bill at the federal level preventing medical debt going to collection. Gary answered the Biden Administration is working on introducing this policy. Just yesterday, CFPB proposed the rule that would prohibit medical debt from being included on anybody's credit report. The reason for this is because often medical debt is the result of something out of a patient's control. Medical debt would no longer be factored in computing a credit score. The goal is to not factor medical debt into your credit score, which currently can negatively impact one's ability to get a loan, buy a car, ability to get a job, etc. The committee member asked if Washington is currently thinking about this type of state policy. Gary responded there is no state law prohibiting medical debt from being reported to credit agencies. Another committee member said people with insurance are billed at a contracted rate that is not given to those without insurance. This creates a disparity of what a person owes for medical expenses depending on insurance status. How has anyone tried to approach the issue of disparity? Gary responded that he is not aware of any regulation or legislation concerning the issue. The committee member said it's usually the big hospitals that go after people with medical debt, and it's an issue that should be considered. Another committee member agreed and questioned if there is a way to differentiate the data between uninsured patients directly billed from hospitals versus patients covered through a contracted payer rate. Gary said that was a good idea and would try to analyze the data through that lens. A member said that a number of areas could be improved: charity care laws that have not been fully implemented; gaps in hospital charity care such as physician services and satellite clinics not addressed in current statutes; charity care requirements obliging only hospitals; high interest rates, particularly on public debt; high limits for garnishment of wages and bank accounts for people with medical debt; and cash vs insured rates. These are all important considerations for Washington State that the Cost Board and committee could help support. There is a statutory charge to have a standing underinsurance survey and an employer trend survey. Gathering data on medical debt at a granular level is important and can be uniquely handled by the Cost Board. The Cost Board could also surface the information around the amount of charity care and community benefit happening across the state also at a granular level. Chair Cody said the required charity care reports may not differentiate between costs and charges which could cause inflated charity care reports. A committee member posed the question of what the actual impact of bad debt on health care prices not necessarily the cost of care.

Analytic Support Initiative Introduction

Marty Ross, HCA

Opening with a brief history the Disease Expenditure (DEX) project housed at the Institute for Health Metrics and Evaluation (IHME), DEX was framed as an outgrowth of the Global Burden of Disease project, focusing specifically on health care expenditure in the US. The IHME has extensive experience in data modeling and interactive visualization. Health care spending estimated by DEX is broken up into many granular categories, including by age, sex, disease, payer, time, and type of care.

The Analytic Support Initiative (ASI) project is a joint project of HCA and IHME, with funding from Peterson Center on Healthcare and Gates Ventures. The project has a two-year timeline, and objectives and deliverables which include health care spending analysis which can support policy recommendations that the Cost Board pursues. The data produced is meant to be useful to not just the HCA, but also other state agencies, advocates, and purchasers.

This background was provided to the Stakeholders Committee members ahead of the presentation of the Preliminary Disease Expenditure Report by Dr. Joe Dieleman of the IHME in the joint committee meeting immediately following the Stakeholders Committee. This report is the first data product produced by the project and feedback is sought to improve the report and inform the drafting of the follow-on report expected in the fall.

A committee member asked what the process is to update the data to move past 2019. Marty answered one of the first things is to involve the APCD up through 2021, depending on how late the APCD is incorporated.

Adjournment

The next meeting is Wednesday, August 21, 2024, at 2 p.m. Meeting adjourned at 4:03 p.m.

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Public Comment

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Cost Board Update to Committee

Meeting held on Tuesday, July 30, 2024

- Facility fees panel and member discussion
  - National perspective
  - Provider perspective
- Potential policy recommendations for facility fees
- New committee member nominations from the Nominating Committee
  - Stakeholders: Michele Ritala
  - Data Issues: David DiGiuseppe
- Primary Care recommendations
- Next meeting: Thursday, September 19, 2024

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HMA

Medical Debt

Cost Board Stakeholder Advisory Committee

August 21, 2024

MEDICAL DEBT: COST BOARD DISCUSSIONS TO DATE

- The Cost Board was charged with identifying the causes of rising health care costs
- Since January, the Cost Board has taken a more active role in looking at what policies could help to address rising costs.
  - Complemented by work others are doing focused on the impacts to consumers (OIC, advocates)
- In addition to these policies, the Cost Board is also looking at the role of facility fees and how they might contribute consumer medical debt.
- While these discussions continue, Washingtonians are struggling with increasing amounts of medical debt.
- The Cost Board discussed the topic at both the April and May meetings and have asked for more input from the Stakeholder Advisory Committee on what might be done.
- The Stakeholder Advisory Committee offered several areas for focus and discussion after the June meeting to support recommendation development.

PLAN FOR PROVIDING GUIDANCE TO THE COST BOARD ON ADDRESSING MEDICAL DEBT

Meeting 1 (Today)

- National overview of the issue with focus on what has been/can be done to prevent and address medical debt
- Overview of current laws in Washington related preventing medical debt including charity care laws
- Initial policy prioritization
- Identify other areas where you need more information

Meeting 2 (November)

- Consumer groups talking about impacts of medical debt here in WA and focus on areas or recommendations
- Other identified topics
- Further develop recommendations

MEDICAL DEBT IN WA STATE

Why this is important

- Unlike consumer debt, medical debt is usually incurred unexpectedly — people don't plan to get sick or hurt, and health care treatments and tests are often unavoidable and expensive.
- About $4.2 billion is owed in Washington state, according to the nonprofit health policy research group KFF.
- 6.5% (380,000) adults in Washington report medical debt in a given year; at least $500-$600 per the Urban Institute
- Washington hospitals reported $1.134 billion in charity care charges in FY 2022. Charity care was 1.26 percent of total hospital revenue and 3.48 percent of adjusted (non-Medicare, non-Medicaid) revenue

MEDICAL DEBT: CURRENT WA STATE CHARITY CARE REQUIREMENTS

- RCW 70.170 and WAC 246-453 require hospitals to develop charity care policies and procedures to ensure that:
  - All patients with family incomes below 200 percent of the **federal poverty guidelines** are able to obtain medically necessary hospital health care free of charge, and
  - Patients with family incomes up to 400 percent of the federal poverty guidelines are able to obtain that care at a discount.
- At larger hospitals (having 80% of beds in the state),
  - Those with income up to 300% Federal Poverty Level (FPL) are entitled to receive treatment with no out-of-pocket costs, regardless of insurance or immigration status.
  - Those at 300-350% are entitled to 75% discount; 350-400% FPL are entitled a 50% discount
- In February, AG reached settlement with Providence over failure to offer charity care to those entitled to it, requiring $158 million in refunds and debt forgiveness
- Six states require hospitals to provide minimum amount of charity care; Washington does not. Oregon uses formula considering revenue and operating margin.

MEDICAL DEBT: CURRENT WA STATE BILLING & COLLECTIONS PRACTICES

- Federal law requires waiting periods and notification before hospitals implement certain extraordinary collections practices (ECPs) such as garnishing wages or selling the debt to a debt collection agency
- The Biden Administration has proposed prohibiting medical debt from affecting credit scores; regulations have not yet been issued
- Washington requires a waiting period and a screen for eligibility for financial assistance before a hospital can send a bill to collections
- Washington requires a waiting period before medical debt can be sent to a credit reporting agency, but ***does not prohibit it***, as some states do
- A few states require hospitals to offer a payment plan to low-income and uninsured patients; ***Washington does not***

REFERENCES ON MEDICAL DEBT

- Commonwealth Fund: State Protections Against Medical Debt | Commonwealth Fund
- Kaiser Family Foundation: The Burden of Medical Debt in the United States | KFF
- Urban Institute: Most Adults with Past-Due Medical Debt Owe Money to Hospitals.pdf (urban.org)
  - Debt in America: An Interactive Map (urban.org)

MEDICAL DEBT PRESENTATION

MAANASA KONA, J.D., L.L.M.
ASSISTANT RESEARCH PROFESSOR, CENTER ON HEALTH INSURANCE REFORMS
HEALTH POLICY INSTITUTE,
MCCOURT SCHOOL OF PUBLIC POLICY,
GEORGETOWN UNIVERSITY

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Questions or Ideas Submitted by Members

Consumers

- What is the consumer burden of medical debt, including trade-offs and challenges?
- Lower high interest rates that apply to medical debt.
- Limit garnishment of wages and savings related to medical debt, such last session's HB 2119.
- Link amount of allowable medical debt that can be pursued to a patient's income level and/or a specific set of charges.
- Create a "bill of rights" process for uninsured or underinsured patients.

Collectors

- Prohibit credit reporting companies from including medical debt on credit reports sent to creditors when it is not allowed to be considered.
- Require additional measures of debt collectors, such as enhanced screening for charity care or other notification processes.
- Prohibit lenders from using medical devices as collateral and ban the repossession of medical devices like wheelchairs and prosthetic limbs if the loan is not repaid.

Hospitals

- Require standardized screening for hospitals for charity care.
- Further implement and enforce existing hospital charity care laws.
- Require hospitals or health care facilities to notify people they are going to be sent to collections with a reasonable amount of time to respond and make payment.
- Unpack hospital/provider price variation, using past presentations and recent WA Health Alliance data

Insurers

- Address plans with increasingly high premiums, deductibles, and co-payment obligations.

Prioritize Potential Policy Recommendations

- Medical Debt is a big topic. Prioritizing policy recommendations can help:
  - Focus on specific policy ideas for further discussion,
  - Maintain motivation and productive conversation,
  - Identify long-term goals vs short-term goals.
- Ideas from conversation in June, emailed submissions from members, and today's conversation.
- This is just a starting point. Will work towards policy recommendations to the Cost Board in 2025.

Prioritize Potential Policy Recommendations

- Things to consider:
  - Importance and impact,
  - Resources and/or time constraints,
  - Partnerships (ex: organizations, state or national agencies, etc.),
  - Engagement with communities, interested parties, etc.
- Today's initial prioritized list will be presented to the Cost Board in September.
- Will continue reviewing priorities at the November meeting.
  - Consumer groups will talk about impacts of medical debt in Washington.

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Thank You!

Next Meeting: November 20, 2024

Washington State Health Care Authority