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Understanding the Impact of State and Federal Regulations on Revenue Cycle

January 24, 2025

agenda.

- Political and Public Perception on Healthcare Affordability
- Federal Regulatory Developments and Focus
- Policy Themes
- Highlighting Specific State Activity
- Challenges for Revenue Cycle Leaders & Recommendations

Presenter

KaLynn Gates, CCO and General Counsel

- 10+ years in healthcare payments regulations
- American Bar Association speaker alongside CFPB at 2024 Winter meeting
- 2024 HFMA Annual Speaker
- WA/AK HFMA Board Member 2019-2023
- WBL - Women Business Leaders of the U.S. Health Care Industry Member

Political and Public Perception as a Backdrop

The stats

$220B in Medical Debt owed by Americans (Source: KFF, Feb.2024)

15M Americans have **$49B in medical debt** appearing on their credit reports (Source: CFPB, April 2024)

50%+ of the American public say they can pay for medicine or healthcare if they needed it today **(61% in 2022)**

The perception

Election issue
Pew Research cited healthcare was a top 3 election issue for Americans.

Lack of attention
67% of U.S. adults say healthcare is not receiving enough attention during the 2024 presidential campaign, while 6% say it is getting too much attention and 27% the right amount (Source: Gallup, Sept. 2024)

Non-profit engagement
Non-profits highly engaged in Federal and State advocacy & media engagement (Undue Medical Debt, Dollar For, National Consumer Law Center)

Active media focus
Active media outlets focused on healthcare affordability (KFF Health News, NPR Bill of the Month, Washington Post Well+Being Life)

Federal Government Developments: Credit Reporting

Consumer Financial Protection Bureau (CFPB)

Rule on Medical Debt Credit Reporting
Proposed June 2024; Final Jan 2025

- ✓ Removes a regulatory exception in Reg. V that allows lenders to obtain and use information about medical debt to make credit determination.
- ✓ Prohibit credit reporting companies from including medical debt on credit reports sent to certain creditors.

October 1, 2024: H.R. 9890 - Bipartisan bill introduced in the house to amend the Fair Credit Reporting Act to allow reporting certain positive consumer credit information (Died)

- ✓ Estimated 700,000 PA residents will benefit from this rule
- ✓ Estimated 10% reduction in liquidation rates for providers that credit report and 6% reduction for providers that did not. (HFMA, June 2024)

Federal Government Developments

Consumer Financial Protection Bureau (CFPB)

October 2, 2024: Issued guidance on the legality of medical debt collectors collecting on inaccurate or invalid medical debt.

- ✓ Collecting on unsubstantiated medical debt
  - ✓ Payment records (insurance and patient pay)
  - ✓ Proof of compliance with hospital financial assistance policy
- ✓ Expanded definition of “default”?

Seeking more information on the use of Medical Credit Cards.

- ✓ Emphasized concern on the use of deferred interest
- ✓ Concern over what are traditionally non-recourse models where medical debt protections are lost once placed on a credit card (e.g., protections from extraordinary collection actions).

Department of Treasury & Department of Health & Human Services

- ✓ IRS announced more audits of tax-exempt healthcare entities in 2024
- ✓ 2022 Executive Order directed the DHHS to examine policies and practices that help reduce the burden of medical debt on households.

Key Issues and State Policy Themes

1. Charity Care

- ✓ Universal Screening for Financial Assistance & presumptive eligibility for free care
- ✓ Expanded reporting requirements for Providers regarding applications and charity care programs
- ✓ Increased posting and notification requirements of the availability of Financial Assistance

2. Affordability

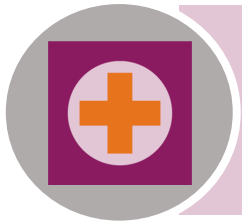
- ✓ Requiring the availability of payment plans
- ✓ Prescriptive requirements around payment plans including requiring the payment amount to not exceed a certain percent of household income or duration

3. Bad Debt Collection Practices

- ✓ Limitations on or prohibition of reporting medical debt to credit rating agencies
- ✓ Further limitations on the sale of debt beyond the requirements of 501r
- ✓ Additional notices about financial assistance
- ✓ Asset and garnishment protections for defendants facing litigation related to medical debt

4. Legal Protections for Patients

- ✓ Expanded price publication & transparency requirements
- ✓ Prescriptive requirements on how patients can challenge potentially incorrect bills
- ✓ Disclosures around placing medical debt on outside credit cards



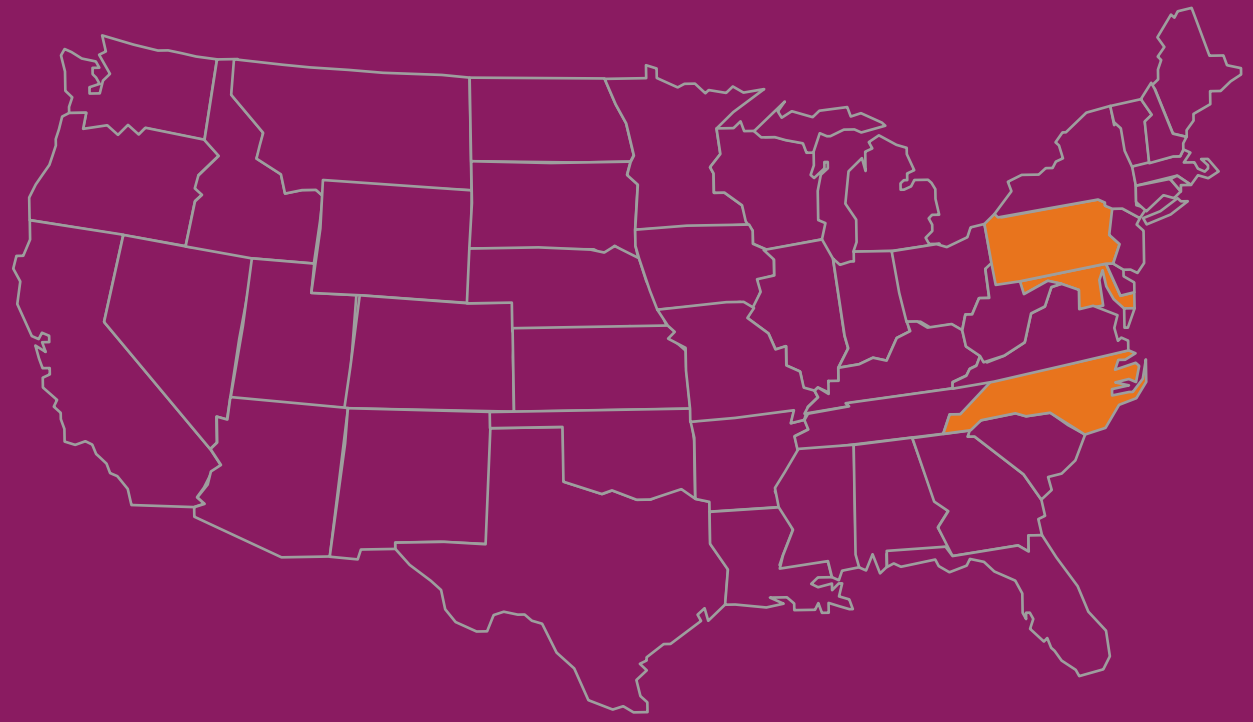
5. Debt Relief Programs

- ✓ Non-profits and third parties leveraging public funds and grant money to purchase and forgive medical debt.
- ✓ Entities prioritizing earlier the writing off of patient debt
- ✓ Congressional Democrats recent announced legislation to create a nationwide grant program to retire all aged medical debt

Group Discussion

- The person who traveled the shortest distance to get to the conference goes first
- Pick one topic below to discuss (not everyone must pick the same topic)
- Topics
  - In the next 3-5 years, what are your predictions for how patient self-pay will change or how the challenges healthcare providers facing around self-pay will change?
  - Are you seeing any changes in self-pay payment behavior or in your A/R?
    - Are patients paying less in total or smaller monthly minimum payments?
    - Has patient responsiveness or engagement changed? How so?
    - Are patients' opinions changing in how they think about their medical bills? How so?
  - How do you think the changes in credit reporting rules will impact your organization? What is your organization doing in response?
  - What is your organization doing or what do you wish your organization was doing to engage with the national or state discussion on medical debt?

State Level Regulatory Environment



accessonepay.com

Pennsylvania

Who

- State Legislature and Governor Shapiro

What

- **House Bill 79 Medical Debt Relief Act** (referred to Committee on Health on 1/10/25)
- Prior versions of this bill cleared the house in 2023 but stalled in the senate. Gov. Shapiro promoted this bill's concept in his 2024 -2025 budget address.
- Pittsburgh City Council passed legislation in 2023 to invest $1m to alleviate medical debt through a similar program.

Impact

- Establishes a medical debt relief program for eligible residents that meet healthcare providers FA requirements and are (i) 400% of FPL or (2) medical debt exceeds 5% of household income.
- Universal application form for all healthcare providers
  - Patients may provide proof of income or a statement of attestation if proof is unavailable
- Required posting and notification requirements of the availability of the program

Maryland

Who

- Health Services Cost Review Commission (HSCRC)
  - Primary mandate is to review and approve reasonable hospital rates and publicly disclose information on the cost and financial performance of hospitals

What

- Health General §19-214, Chapter 770 of 2021: Required HSCRC to develop guidelines for hospital income-based payment plans and add further updates to debt collection and financial assistance rules.
- May 2022 – Final Guidelines for Hospital Payment plans were published

Impact

- Hospitals will need a cost-effective scalable way to provide notice of and offer payment plans that are provided to everyone regardless of income and ensure these plans (1) monthly minimums do not exceed 5% of the individuals adjusted growth monthly income and (2) bear no interest or fees.
- Hospitals must have a scalable tool or process to allow for modification of these plans if the patient indicates they cannot afford the payment or have had a change in income. This process must include reconsideration of financial assistance.

North Carolina

Who

- NC Department of Health and Human Services (NC DHHS)

What

- Healthcare Access and Stabilization Program (HASP) Medical Debt Mitigation Program Initiative which is implemented in stages through January 1, 2026.

Impact (Jan 2025)

- NC hospitals must develop a Medical Debt Mitigation Policy (MDM)
- Offer 50-100% charity for 200-300% FPL and offer payment plans for this population that does not exceed 5% of monthly income or exceed 36 months.
- Presumptive charity to certain groups on non-income-based criteria (e.g.; homeless)
- Third party debt collectors must make patients aware of FA and MDM policies.
- Develop a presumptive eligibility charity policy

North Carolina

Impact (Summer 2025)

- Forgive all unpaid medical debt dating back to 2014 to patients enrolled in Medicaid (including those enrolled in payment plans). Reclassify all past debt of any Medicaid enrollee as charity care
- Cap interest rates on any debt held by the provider to 3% APR. Any debt that is sold is capped at SOFR + 1%.
- Providers must stop garnishing wages or foreclosures, wait 180 days for any ECA and provide 30 days notice of any ECA
- Medical creditors will not refer to an external collection agency if an insurance appeal/review was pending in the previous 60 days.

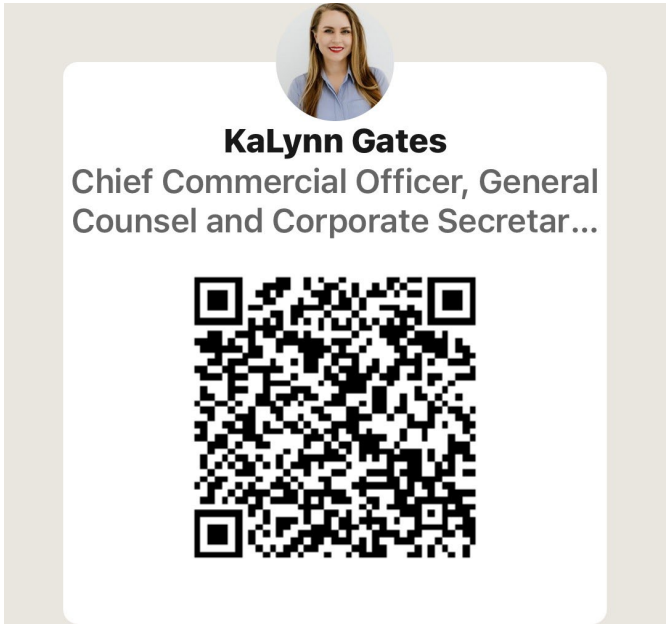
Impact (2026)

- Relieve all medical debt deemed uncollectible dating back to Jan 2024 with incomes at or below 350% FPL or if total debt exceeds 5% of annual income.
- Implement presumptive charity for patients at or below 300% FPL

Challenges & Recommendations

Challenges	Recommendations
Leading through uncertainty	Seek to understand the “why” behind the policy making or regulatory enforcement.
Implementing policies that lack detail or are ill-tailored to the complexity of healthcare	Enact policies that are responsive but put yourself in a position to be nimble and flexible to respond to continued change.
Navigating a patchwork of Federal and State requirements	Lean on your experienced vendor partners. Engage in industry trade groups and prioritize covering regulatory topics.
Engagement & advocacy	Engage early not only in enforcement

Questions



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Resources - Federal

Medical Debt Credit Reporting

- CFPB home page on Medical Debt –"*working to stop unfair medical debt collection and coercive credit reporting practices*"
- CFPB's proposed Rule on Medical Debt Reporting. Final Rule.
- American Hospital Assoc. official comments on the Proposed Rule regarding medical debt reporting
- White House Fact Sheet: VP Harris announces proposal to prohibit medical bills from being included on credit reports and calls on states to take further action to reduce medical debt.
- H.R. 9890 Reporting Medical Debt Payments as Positive Consumer Credit Information Act of 2024
- CFPB guidance on collecting on invalid or inaccurate debt

Medical Credit Cards

- CFPB Request for Information on Medical Credit Cards.
- AccessOne's official comments to the Request for Information on Medical Credit Cards
- US Senator Letter calling for CFPB to ban deferred interest on Medical Credit Cards

US Dept. of Treasury and US DHHS

- IRS Announcement regarding audits
- Executive Order 14070 on Continuing to Strengthen Americans' Access to Affordable, Quality Health Coverage. The Executive Order directs the Department of Health and Human Services to examine policies and practices that help reduce the burden of medical debt on households, including by exploring how medical debts are collected from beneficiaries in our federal programs.

Resources

Pennsylvania
- House Bill 79 Medical Debt Relief Program
- Report: 700k PA residents will benefit from prohibition of medical debt to be reported on credit reports
- Governor Shapiro April 2024 statements in support for medical debt relief program bill including the 2024-2025 Budget Address
- City of Pittsburgh resolution authorizing to contract with RIP medical Debt for purchasing and retiring medical debt.

Maryland
- Maryland Health Code, Title 19, Subtitle 2
- 214.1 Financial Assistance Policies
- 214.2 Debt Collection Policies & Payment Plans
- HSCRC Guidelines for Hospital Payment Plans
- Recording and content from the 2 2022 HSCRC workgroup to discussions on the Hospital Payment Plan Policy Guidelines

North Carolina
- NC HASP FAQ (FAQ is not a comprehensive list of all requirements)
- July 1, 2024 Coverage of the Announcement of the NC HASP program plan
- July 29, 2024 Press Release on CMS's approval of the Medical Debt Relief Incentive Program
- July 29, 2024 White House Statement from VP Harris on NC Medical Debt Announcement
- August 9, 2024 CMS Newsroom Roundup which includes the approval of the NC program
- Hospital Medical Debt Mitigation Commitment Guidelines (See Word Document)

Additional State Info

Florida

Who

- Governor DeSantis and the Florida legislature have focused on a package of “Live Healthy” Bills
- Oversight by Florida Agency for Health Care Administration and Department of Health

What

- House Bill 7089 on Healthcare Expenses was approved by Governor in May 2024.

Impact

- Requires hospitals and ambulatory surgery facilities to publish standard charges for common services
- Facilities must provide estimates to the patient and their insurer.*
- Providers must create an efficient way to establish an internal grievance process for patients to dispute charges including prominently posting the process and providing an initial response within 7 business days.
- Providers must not engage in any extraordinary collection activity before taken reasonable efforts to determine FA eligibility.
- Traditional bad debt collection tactics were weakened.
  - Law reduces the statute of limitations on medical debt to three years narrowing the window to take legal action on medical debt.
  - Exempt cars and houses (up to certain values) from being subject to a lien or garnishment in a medical debt proceeding.

* not effective until the promulgation of a final federal rule on the topic

Resources - Continued

Florida

- HB 7089 on healthcare expenses
- HB 7089 House of Representatives staff final bill analysis provides context to the concerns of the legislature and how this bill relates to current state and federal laws already in place.
- Live Healthy Bills Package Summary
- SB 7016, which creates and expands training programs that will help to develop and retain **Florida's health care workforce** in order to meet the needs of our growing state.
- SB 7018, which harnesses **the innovation and creativity of entrepreneurs** and industry leaders to meet the needs and challenges of Florida's evolving health care system.
- SB 1758, which formalizes some of the great work already underway within the Agency for **Persons with Disabilities** through the First Lady's Hope Florida initiative.
- SB 330, which creates a new category of **teaching hospitals dedicated to advancing behavioral health** care through research, collaborating with our colleges and universities, and partnering with the state of Florida to address acute behavioral health care needs.
- SB 322, which creates public record and meeting exemptions for personal identifying information for practitioners participating in the Interstate Medical Licensure Compact, the Audiology and Speech-Language Pathology Interstate Compact, and the Physical Therapy Licensure Compact. Florida's participation in these compacts is established in SB 7016.