

Hospitals gut bill to curb debt collection

By Shruti Daté Singh
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Illinois hospital lobbyists are claiming victory after scuttling legislation that would have sharply limited aggressive tactics in collecting unpaid bills from patients.

In a March 6 newsletter to members, the Illinois Hospital Assn. boasted that "all the objectionable and unworkable provisions" had been eliminated from a bill proposed by Attorney General Lisa Madigan, and proclaimed that the bill had been "neutralized."

A stripped-down version of the bill passed 113-0 in the state House on March 3. The legislation now being considered in the Senate lacks more than a dozen of the original consumer protection provisions, including one that would have required hospitals to sell debt only to collection agencies licensed in Illinois, and another prohibiting them from billing patients if hospitals miss an insurer's deadline to submit a claim.

The neutered bill came as a surprise to consumer groups, who now worry that the hospital lobby might also apply its muscle to another bill requiring hospitals to provide more charity care.

"I naively thought (the collections bill) should be the no-brainer," says Claudia Lennhoff, executive director of the Champaign County Health Care Consumers. She and other consumer advocates say the House bill is weaker but still contains some important consumer protections.

The hospital association says it fought to remove the provisions because hospitals, already squeezed by diminishing federal funding and rising costs, would've been unfairly restricted.

"This could have made it impossible for some hospitals to survive," says Howard Peters, Illinois Hospital Assn.'s senior vice-president for government relations.

Ms. Madigan's office maintains that passage of the collections bill — even without many of the original provisions — is a strong start and that the bill offers more comprehensive protections than legislation in any other state, says Deborah Hagan, the attorney general's consumer protection chief.

"We've moved the envelope way down the line with protection of patients in terms of hospital collections," Ms. Hagan says.

The collections legislation is one of two bills Ms. Madigan proposed in late January. The other would require non-profit hospitals to devote 8% of their annual operating costs to charity care, a notion the hospitals adamantly oppose.

Consumer advocates are now bracing for a major battle over the charity legislation.

"Probably worse than we thought," Ms. Lennhoff says.