

LEGAL AID SOCIETY OF EASTERN VIRGINIA

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**PREPARED STATEMENTS OF RAYMOND A. HARTZ
EXECUTIVE DIRECTOR
LEGAL AID SOCIETY OF EASTERN VIRGINIA, INC.
TO THE U.S. SENATE FINANCE COMMITTEE**

September 13, 2006

My name is Ray Hartz. I am the Executive Director of the Legal Aid Society of Eastern Virginia, which provides free legal assistance in civil matters to the poverty population of Greater Hampton Roads. We have five offices, in Williamsburg, Hampton, Norfolk, Virginia Beach and on the Eastern Shore, serving more than 200,000 people living below 125% of the federal poverty level -- approximately one fourth of the poverty population of Virginia. I have worked for legal aid organizations virtually my entire career and in three different states: Virginia, Florida and Arizona.

From my experience of working with the low income community in Hampton Roads and elsewhere, I can positively attest to this Committee that people of low income, especially the working poor, are experiencing a health care crisis. I am not referring to the quality of the health care, I am talking today about the crisis of trying to survive under the mountain of medical debt to a hospital that has an aggressive and effective collections department. Everywhere I've practiced, hospitals are very efficient in



getting judgments against those who owe them money, and then in collecting on those judgments through wage and bank account garnishments. For example, last Thursday, September 7, one of our non-profit hospitals had more than 100 separate actions to collect hospital debts in the Norfolk General District Court. And I can assure this Committee, that number is not unusual.

I think some numbers we are all aware of: according to the US Census Bureau, last year 46.6 million Americans lacked health insurance. That's 15.9% of all Americans; 13.9% of all Virginians. Lacking insurance, my clients often put off seeing a doctor until the problem is unbearable, and that's when they go to the hospital emergency room.

Every private hospital in Hampton Roads is non-profit. Each has a charity care program, either for free-of-charge care and/or for discounted care for the un- or under-insured patient. Unfortunately, the reality is that very few low income, uninsured patients are ever informed of the existence of these programs. Attached to my written testimony are statements to this Committee from several clients from eastern Virginia detailing the problems they had in accessing charity care.

One statement is from Ms. Bragg who lives on the eastern shore of Virginia. She is 47 years old, employed, but she cannot get health insurance through her work. Two years ago she had some medical treatment done at a non-profit hospital, the bill was just under \$3,000. She makes slightly more than \$1,000 per month. When she couldn't pay,

the bill collectors started calling. She was told that the interest on her past due account was 24.12%. Ms. Bragg realized that, even with a payment plan, she would never be able to pay off even the accumulating interest. Ms. Bragg wrote in her statement about the great distress this bill, and the hospital's collection efforts, caused her – she rarely has money left after paying the rent, food and her medicines as it is. But maybe she should consider herself lucky. If the hospital were to obtain a judgment against her, it could garnish a portion of her paycheck, and throw her even deeper into the despair of poverty.

The first time Ms. Bragg was ever informed about the Hospital's charity care plan was when we called her last week to ask if it had been offered to her. That is the norm, not the exception. Over the past week, our staff has spoken with more than twenty clients burdened by unpaid hospital debt. Not one of them reported being informed of a charity care program at any time during their hospital stay. Only one of these clients was ever told about the program and this was during the collection process. Several of these clients learned of the program through other service providers or friends.

Approaching the hospital for further information about charity care, however, only met with difficulty. One client was told by the hospital's billing department point blank that her poverty did not matter. She must pay the full amount billed.

The denial of access to charity care has a devastating effect on the lives of low income clients, especially the working poor and their families. As I noted before, hospitals are

extremely efficient when it comes to pursuing debts, and they often obtain court judgments against our clients. Once a judgment has been entered the hospital can, and does, garnish the client's bank account and or wages. Up to 25% of a client's income is vulnerable to garnishment. To be clear, we are talking about garnishing the wages of people already hovering on the edge of financial oblivion. We are talking about a family's life savings instantly vanishing by a garnishment on their bank account. A client may lose her car and ability to get to work. Her children may go hungry. The family may become homeless. It does not need to be this way, for many of these people would have been eligible for charity care if they had only been informed that it existed.

Last October, when the new federal bankruptcy law went into effect, the only protection these clients had was lost. In the first nine months of 2005, the Legal Aid Society of Eastern Virginia provided more than 150 bankruptcies for our clients. As a result of the new bankruptcy law, we are effectively precluded from providing even that relief. We had provided bankruptcies for our clients through the assistance of the private bar, through our Private Attorney Involvement program. When the new law took effect, all of the private attorneys who had assisted us with bankruptcies informed us they would no longer be willing to do so. As a result, the low income working poor who come to us suffering under wage garnishment too often must be told that there is nothing that can be done. For many, there is simply no way to tighten their budget enough to make up for the 25% loss in wages.

In practice, it seems few of the hospital employees in the admission, discharge or collection units of these hospitals appear to be aware of the existence of charity care. This past spring, a team of legal aid attorneys conducted a survey of twenty hospitals located throughout Virginia regarding charity care. They had great difficulty obtaining even basic information from many of the hospitals regarding their charity care programs. Two Virginia hospitals simply refused to respond to repeated requests to complete the survey. Over this past summer, my office made similar requests of our local hospitals and encountered the same challenges. In almost every instance, it took repeated phone calls to contact anyone who could offer us any information. Lawyers on our staff found the experience very frustrating. Imagine what they might be feeling if they had a devastating debt motivating this search.

This week I have spoken with Legal Aid programs around the country, and the problems I have described are not unique to Virginia. In almost all the states I spoke with, the same problems are present – charity care programs exist at the hospitals, but many eligible patients never learn of their existence.

Therefore I would recommend that non-profit hospitals be required to take several very simple steps:

1. Apply their existing charity care programs uniformly and fairly.
2. Provide notice of the existence of the charity care program to all patients at registration/intake and discharge.
3. Have some notice of the existence of the charity care program in all communications to patients which are in an effort to collect a hospital debt.
4. Provide patients who are denied charity care an opportunity to present additional information, with the representation of counsel, to have that decision reviewed.

I appreciate the opportunity to present these remarks to the Committee and I hope my testimony has been helpful in the Committee's examination of this vitally important issue.

STATEMENT OF DENISE BRAGG

To Chairman Grassley and the Honorable Members of the Senate Finance Committee:

My name is Denise Bragg and I would like to express my interest in the investigation by this Committee into non-profit hospitals over-charging uninsured and underinsured patients with limited or no income, and the failure of these hospitals to inform patients about the availability of uncompensated or discounted care programs.

I am a 47 year old woman. I live in Section 8 Housing in Painter, Virginia. I am currently employed by Head Start. I make about \$1047 per month. I currently have no medical insurance.

I required medical assistance from Shore Memorial Hospital in August 2004. When I registered, I informed the hospital personnel that I was employed but that I had no insurance. At no time do I recall, either at registration, during my stay, or at discharge, receiving any information about the availability of uncompensated or discounted care from this non-profit hospital. I do not recall any posted information or any employee who spoke to me about the availability of uncompensated or discounted care. When I received my bill for \$2995, there was nothing on it indicating that I could apply for financial assistance, or that I might be able to receive my care for free. I was shocked to see that I was charged \$2015 for a nuclear medical diagnosis.

This distressed me greatly. I only receive \$1047 per month when I am working. My rent, food and medicine eat up most of this income every month. I have very little extra money at all. I also have had to ask for financial assistance from my son.

Since I could not pay, and the hospital would not assist me, I began to be harassed by their bill collector. I could not pay the bill in installments because, at the time, I was unemployed and collecting unemployment. I was barely making ends meet. I received a letter telling me to pay the entire amount to protect my credit. In addition, I was charge 24.12% interest on the balance of the account. Even if I had been able to make payments, the payment would not have even covered the interest charged for the month. I tried to file bankruptcy but was unable to do so because I didn't have enough money to pay for the filing fees or the attorney.

I am not a person who likes to ask others for help. I try very hard to make it on my own. I am trying to make payments every month, as I am able, but it is not much and not often. At this rate, I will be paying on this bill for years to come.

If my statement today about my experiences of being unaware of the availability of charity care and of being hounded for the payment of my huge hospital bill will help convince the members of this Committee to change the way hospitals are required to assist people like me, I will feel like my difficulties and suffering were worthwhile.

Dated as of September 12, 2006

Denise Bragg (SEAL)
Denise Bragg

STATE OF Virginia
COUNTY OF Accomack, to-wit:

Subscribed and sworn to before me, a Notary Public in and for the City and State
aforesaid by Denise Bragg, this 12th day of September, 2006.

John L. Bragg
NOTARY PUBLIC

My Commission expires: 12/31/2008

Statement of Joyce Butler

My name is Joyce Butler and I reside in Virginia Beach, VA. I am a 52-year-old divorced woman. Due to my chronic health problems, I am unable to work. The last few years of my marriage, my husband was incarcerated and unable to support me. From 2001 – 2003, I was homeless. I was eventually able to stay with my son and later, my daughter. I cared for my son's child, and am now caring for my daughter's 4-month-old son Elijah.

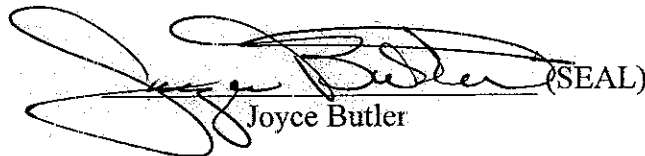
In recent years I have had to go to the hospital, usually Sentara Bayside Hospital, for various reasons. I have never had health insurance, not even when I was married. I try to stay away from doctors due to the cost, until I absolutely have to go, but that means that I usually end up at the hospital.

I have had judgments entered against me by Sentara Bayside Hospital over the past several years for \$3,756.89, \$5,232.21, and \$1,831.80. I have never been able to pay these bills. I have never been informed, at any of my numerous hospital visits, about the availability of any type of charity or discounted care. Each time I registered, I was asked if I had insurance. I would reply that I did not, and I was required to sign papers agreeing to pay the bill for the services. I have never seen a discounted bill from the hospital. I didn't even know there was such a thing as charity care until I spoke with my lawyers at Legal Aid who were trying to assist me with filing for bankruptcy.

In the last few years, I have been contacted by phone and letter numerous times by collection agencies seeking to collect on the hospital bills. Sometimes I would be called two or three times in a single day. I always told the collectors that I was unemployed and that I had no means of support but they always insisted that I had to pay my bills. I asked if I could arrange a payment plan and that I might be able to pay \$5-10/month, but they always told me that this was unacceptable. When I tried to explain that I had no more to give them, they continued to harass me.

Thank you very much for allowing me to tell you how difficult this issue of paying my hospital bills has been for me. I wish I had known that there was such a thing as charity care. It would have eased my mind so much over the years, to know that even though I required health care, the health care system was set up to protect people like me. Unfortunately, I wasn't made aware of this protection. I wish I had known.

Dated as of September 12, 2006

 (SEAL)
Joyce Butler

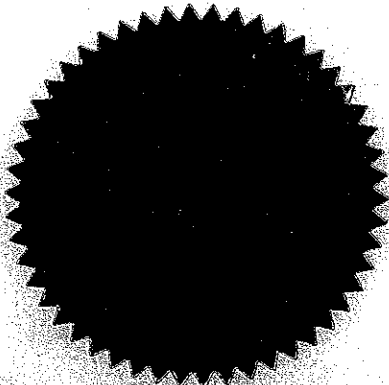
STATE OF VA
COUNTY OF VIRGINIA BEACH, to-wit:

Subscribed and sworn to before me, a Notary Public in and for the City and State aforesaid by Joyce Butler, this 12 day of September, 2006.

Joyce Benedict

NOTARY PUBLIC

My Commission expires: January 31, 2008



Written Statement of Georgette Young

My name is Georgette Young and I reside in Norfolk, Virginia. I have two daughters. I also have a chronic health condition. The condition requires that I receive regular medical attention from private doctors and, on occasion, from a hospital. I was laid off from my temporary service job about two years ago. Although I was working regularly, my employer did not offer health insurance benefits. I continue to actively seek work which will provide health benefits for my daughters and me.

In April, 2006, I needed to go to Virginia Beach General Hospital for treatment my doctors prescribed. My doctors told me I would need to ask the hospital to provide their service under their Charity Care Program, where low income uninsured patients receive medical service at no charge. I made sure to bring my pay stubs, tax return and other financial records with me to demonstrate my qualifications under the program.

When I registered at the Hospital, I asked about their Charity Care Program. After some delay I was given the forms to fill out to apply. I later made sure that the Hospital had copies of all my financial documents. I was told it would take between six and eight weeks for a decision on my eligibility, and I did receive the treatment my doctors prescribed.

In June, 2006, I received a letter from the Hospital's Collection Department informing me that my account was past due and I needed to pay \$5,005.07. The collection letter did not mention my application for Charity Care, but did say that "This is an urgent matter that needs your response."

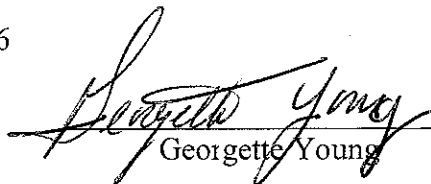
I spoke with the Hospital's Collection Department again as recently as last week. Again I asked about my Charity Care application, but the collection agent I spoke with had no information on the status of my application. Instead, I was told that I should stop thinking about Charity Care and that my "concern now must be getting this bill paid." The Hospital's collection agent told me that the least they would accept would be \$125.00 per month to pay off the bill.

I cannot pay \$125.00 per month and continue to stay in my apartment. I cannot provide the things my two teenage daughters need if I were to make these payments.

I thank this Committee for giving me the opportunity to tell my story and to let the Committee know about the problems I have had obtaining Charity Care.

Dated as of September 12, 2006

STATE OF Virginia
COUNTY OF Norfolk, to-wit:

 (SEAL)
Georgette Young

Subscribed and sworn to before me, a Notary Public in and for the City and State aforesaid by Georgette Young, this 12 day of September, 2006.

Serina R. Taylor
NOTARY PUBLIC

My Commission Expires: 9/30/10

