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People Policy Solutions

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Testimony in Support of LD 1955, An Act to Require Hospitals and Hospital-Affiliated Providers to Provide Financial Assistance for Medical Care

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Good afternoon Senator Baldacci, Representative Meyer, and honorable members of the Joint Standing Committee on Health and Human Services. My name is Alex Carter, I use she/her pronouns, and I am a Policy Advocate at Maine Equal Justice, a nonprofit civil legal aid provider working to increase economic security, opportunity, and equity for people in Maine. My testimony today is offered in support of LD 1955, a bill to improve the state's hospital free care system, and on behalf of the Maine people with low income we represent.

In all our community outreach and legal services work, the two things people most consistently want to talk to us about are housing and medical debt. According to the Consumer Financial Protection Bureau, 1 in 5 U.S. households has some kind of overdue medical debt in collections, which amounts to over \$88 billion dollars.¹ Mainers hold a particularly high burden of medical debt in relation to other states with 15% of all Mainers holding some medical debt in collections, and upwards of 23% of residents in Somerset, Kennebec, and Sagadahoc counties, compared with 11% nationwide.² Rising medical debt is the result of multiple factors, but affording health care is particularly challenging for low-income adults, many of whom remain uninsured or underinsured and lack the cash to pay for an unexpected medical bill.

The Affordable Care Act, and subsequent MaineCare expansion, made enormous strides in reducing the share of Mainers who were uninsured, from 8% in 2019 to 5.7% in 2021—the largest percentage decline in the country. Not only are more people able to access and afford the health care they need, but our hospitals also receive more reimbursements and now spend less on uncompensated, charity care.³ However, gaps still exist. In the absence of a universal option and access to MaineCare for immigrants, regardless of their immigration status, hospital charity care or 'free care' continues to play a vital role in our health care ecosystem.

¹ <https://www.consumerfinance.gov/about-us/blog/medical-debt-anything-already-paid-or-under-500-should-no-longer-be-on-your-credit-report/>

² <https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=medcoll&state=23>

³ <https://www.maine.gov/governor/mills/news/maine-has-largest-decline-uninsured-rate-under-governor-mills-according-new-federal-data-2022>

Our hospitals are critical partners in ensuring everyone has access to the care they need, no matter their ability to pay. Federal law mandates that non-profit hospitals provide community benefit programs, including some level of charity care, to receive their tax-exempt status.⁴ In Maine, our current state regulations require that “hospitals provide free care for medically necessary inpatient and outpatient hospital services” for those at or below 150% of the Federal Poverty Level (FPL). Within these broad federal and state guidelines, individual health systems establish their own free care policies which leads to broad variation in implementation.

Some health systems in Maine are playing an outsized role in providing free and discounted care and have independently elected to raise eligibility standards and the set of services covered. Yet, others only comply with the minimum standards and have more narrowly interpreted the state regulations meaning the level of financial assistance you receive is dependent on where you live. This bill would level the playing field for both low-income patients seeking care and the participating health systems already doing the right thing. We support LD 1955 in its entirety, but I will focus my testimony on the sections we find to be most impactful for our clients.

I. Definition and Proof of Residency

The bill clarifies the definition of state resident and makes explicit that farmworkers and other seasonal workers are eligible for free care. One problem our legal services team has encountered is that some hospitals have more stringent internal policies for demonstrating residency than others, including, in one case, a requirement to produce a copy of a Maine State Income Tax return or a Maine state driver’s license or ID.⁵ Many seasonal workers don’t possess or have trouble producing these documents, despite having other proof of residency, like utility bills, which are accepted by other facilities. LD 1955 remedies this discrepancy stating that a hospital, “shall use documentation specified by the department by rule that may be used to prove that the patient is a state resident.”

II. Income Eligibility Threshold

MaineCare expansion covers non-disabled adults with a qualifying immigration status up to 138% of the FPL. However, we know there are many people with only slightly higher income who don’t receive employer-sponsored health insurance and who still struggle to afford even the subsidized, low-cost plans through our state-based Marketplace. The income eligibility threshold for free care in Maine has remained at 150% FPL since 1995. Section 2 of the bill would bring all non-profit hospitals and hospital-affiliated providers into alignment by requiring they provide free, medically necessary services to patients whose income is at or below 200% FPL, or an annual income of \$29,160 for an individual. Many hospitals already meet this standard⁶ and some provide partial or discounted assistance under a slightly higher

⁴ <https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/>

⁵ <https://www.maine-general.org/app/files/public/60cdefb5-cf75-4411-a6eb-953e1b9ea8c8/financial-assistance-policy-2021.pdf>

⁶ <https://www.mainehealth.org/patients-visitors/billing-and-financial-services/financial-assistance>

income level.⁷ LD 1955 would codify a new minimum standard to better reflect the current economic reality, create a more uniform system across health settings, and allow more people, in all parts of our state, to afford the care they need.

III. Improved Access

The impact of the above changes will be limited if people face high barriers to applying for financial assistance or don't understand the program or the notices they receive. Timely notifications of an incomplete application, eligibility determination, and ability for a fair hearing are particularly important to avoid delays in seeking necessary medical care. Extending the eligibility timeline for charity care to 12 months before someone needs to re-apply will also contribute to greater continuity of care, less use of emergency departments as a first point of access, and less administrative burden for both the patient and the hospital.

Due to the current exclusions in our MaineCare program which bar adults with certain immigration statuses from receiving MaineCare, many of the people we assist with free care are immigrants whose first language is not English. From our experience, access to translated materials and interpreters to assist people with applications is often limited and similarly dependent on the hospital system where the patient presents. Given the outsized role free care plays in the provision of health care for Maine's immigrant communities, it's imperative that language access be prioritized and codified as a requirement for all free care programs.

IV. Consumer Protections

Another issue we commonly see is that people will still receive medical bills and collection notices, even after they apply and qualify for financial assistance. This leads to enormous confusion and anxiety for the patient and can sometimes negatively impact their credit. LD 1955 would require the hospital to screen patients for financial assistance and prohibit billing or collective actions until the hospital fully determines a patient's eligibility for free care, including resolving an appeal. It would also prevent a hospital from undertaking certain collective actions for at least 240 days after a patient receives a bill to allow the person adequate time to apply for free care and for the hospital to make an informed determination.

Similarly situated people struggling to access affordable healthcare in Maine are being treated differently depending on where they seek services. LD 1955 would create an updated, universal set of standards and patient protections for all hospitals and hospital-affiliated providers in the state to follow in keeping with the original intent of free care—to provide necessary health services to those who cannot afford to pay. For all these reasons and for the health of Maine's residents, we urge you to vote ought to pass on LD 1955.

⁷ <https://northernlighthealth.org/getattachment/billing-help/Document-Submenu/Financial-Assistance-Plain-Language-Summary/FAP-Plain-Language-Summary-2021-English-with-1557-v1.pdf.aspx?lang=en-US>