



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4753

Introduced 01/13/06, by Rep. Karen May

SYNOPSIS AS INTRODUCED:

New Act

Creates the Hospital Charity Care Act. Provides that no hospital or its medical staff shall adopt or maintain admission practices or policies that result in any of the following: (i) a significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services; (ii) a significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services; or (iii) the refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital. Provides that no hospital shall adopt or maintain practices or policies that would deny access to emergency care based on ability to pay. Requires every hospital to maintain a charity care policy and sliding fee schedule and to provide notice of the policy to patients. Also regulates a hospital's debt collection activities. Provides for administration of the Act by the Department of Public Health.

LRB094 17374 DRJ 52669 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Hospital Charity Care Act.

6 Section 5. Definitions. In this Act:

7 "Charity care" means necessary hospital health care
8 rendered to indigent persons, to the extent that the persons
9 are unable to pay for the care or to pay deductibles or
10 co-insurance amounts required by a third-party payer, as
11 determined by the Department.

12 "Department" means the Department of Public Health.

13 "Federal poverty guidelines" means the poverty income
14 guidelines established annually by the federal Department of
15 Health and Human Services.

16 "Hospital" means a hospital licensed under the Hospital
17 Licensing Act or subject to the University of Illinois Hospital
18 Act.

19 "Sliding fee schedule" means a hospital-determined,
20 publicly available schedule of discounts for persons deemed
21 eligible for charity care.

22 "Special studies" means studies that have not been funded
23 through appropriations to the Department.

24 Section 10. Admission practices. No hospital or its medical
25 staff shall adopt or maintain admission practices or policies
26 that result in any of the following:

27 (1) A significant reduction in the proportion of
28 patients who have no third-party coverage and who are
29 unable to pay for hospital services.

30 (2) A significant reduction in the proportion of
31 individuals admitted for inpatient hospital services for

1 which payment is, or is likely to be, less than the
2 anticipated charges for or costs of such services.

3 (3) The refusal to admit patients who would be expected
4 to require unusually costly or prolonged treatment for
5 reasons other than those related to the appropriateness of
6 the care available at the hospital.

7 Section 15. Emergency care; transfers.

8 (a) No hospital shall adopt or maintain practices or
9 policies that would deny access to emergency care based on
10 ability to pay.

11 (b) No hospital that maintains an emergency department
12 shall transfer a patient with an emergency medical condition or
13 who is in active labor unless the transfer is performed at the
14 request of the patient or is due to the limited medical
15 resources of the transferring hospital. A hospital must follow
16 reasonable procedures in making transfers to other hospitals,
17 including confirmation of acceptance of the transfer by the
18 receiving hospital.

19 Section 20. Charity care policy.

20 (a) For the purpose of providing charity care, every
21 hospital shall develop, implement, and maintain a charity care
22 policy that, consistent with Section 10, shall enable people
23 with family income below 200% of the federal poverty guidelines
24 to have access to appropriate hospital-based medical services,
25 and a sliding fee schedule for determination of discounts for
26 persons with family income up to 400% of the federal poverty
27 guidelines or whose family income is otherwise not sufficient
28 to enable them to pay for their care or to pay deductibles or
29 coinsurance amounts required by a third-party payer. The
30 Department shall adopt specific guidelines to assist hospitals
31 in setting sliding fee schedules required by this Section. All
32 persons with family income below 200% of the federal poverty
33 guidelines shall be deemed charity care patients for the full
34 amount of hospital charges, provided that such persons are not

1 eligible for other private or public health coverage
2 sponsorship. Persons who may be eligible for charity care shall
3 be notified by the hospital.

4 (b) Every hospital shall provide notice to patients of its
5 charity care policies. At a minimum, every hospital must post
6 in locations easily accessible to and visible by patients, and
7 include in each bill sent to patients, a notice regarding the
8 opportunity to apply for charity care. The notice must use
9 clear language that would be easily understood by individuals
10 with limited education.

11 Section 25. Private or public sponsorship. Every hospital
12 shall make every reasonable effort to determine: (i) the
13 existence or nonexistence of private or public sponsorship that
14 might cover in full or part the charges for care rendered by
15 the hospital to a patient; (ii) the family income of the
16 patient as classified under federal poverty guidelines; and
17 (iii) the eligibility of the patient for charity care as
18 defined in this Act and in accordance with hospital policy. An
19 initial determination of sponsorship status shall precede
20 collection efforts directed at the patient.

21 Section 30. Sliding fee schedule.

22 (a) Every hospital must establish a sliding fee schedule.
23 The schedule must be based on discounts to payment rates that
24 the hospital would be paid by its largest private third-party
25 payer and must be established based on consideration of
26 guidelines developed by the Department.

27 (b) Upon a determination by a hospital that a person is
28 eligible for a sliding fee schedule discount, the hospital
29 shall offer that person the option to pay his or her bill in
30 reasonable installments that take into account the person's
31 income and other financial obligations. Interest rates for
32 installment payment plans shall not exceed the consumer price
33 index or 3% per annum, whichever is lower. A hospital shall
34 provide general comparative information on the difference

1 between the interest rate it will charge and the typical credit
2 card or consumer bank loan interest rates. The information
3 shall be provided in writing and shall use clear language that
4 would be easily understood by individuals with limited
5 education.

6 Section 35. Debt collection.

7 (a) Before contracting with any entity to act as a
8 hospital's designated agent, assignee, or contractor for
9 collection of its accounts receivable, or to purchase its
10 accounts receivable, the hospital's governing board must have
11 notice of, and affirmatively approve, the debt collection
12 practices of the entity. The practices must include detailed
13 information related to each of the following:

14 (1) Contacts with patients who have debts to the
15 hospital, including written, telephonic, and electronic
16 contacts.

17 (2) Policies related to the ability of debtors to make
18 installment payments, and interest rates charged on any
19 remaining balances.

20 (3) Circumstances under which the entity files civil
21 actions to collect debts and undertakes any of the
22 following collection actions to execute a judgment in
23 connection with a debt: (i) actions to foreclose on real
24 property; (ii) actions to place a lien on any property;
25 (iii) actions to garnish wages; and (iv) actions to attach
26 or seize a bank account or any other personal property.

27 (b) On at least an annual basis, the governing board of
28 every hospital shall review all collection actions taken by the
29 entity that has a contract with the hospital under subsection
30 (a) of this section.

31 Section 40. Department's responsibilities.

32 (a) The Department shall adopt definitions by rule, as
33 appropriate, for Section 10 and, with reference to federal
34 requirements, Section 15. The Department shall monitor

1 hospital compliance with Sections 10 and 15. The Department
2 shall report individual instances of possible noncompliance to
3 the Attorney General or the appropriate federal agency.

4 (b) The Department shall establish and maintain by rule,
5 consistent with the definition of charity care in Section 5,
6 the following:

7 (1) Uniform procedures, data requirements, and
8 criteria for identifying patients receiving charity care.

9 (2) A definition of residual bad debt, including
10 reasonable and uniform standards for collection procedures
11 to be used in efforts to collect the unpaid portions of
12 hospital charges that are the patient's responsibility.

13 (c) The Department shall monitor the distribution of
14 charity care among hospitals, with reference to factors such as
15 relative need for charity care in hospital service areas and
16 trends in private and public health coverage. The Department
17 shall prepare reports that identify any problems in
18 distribution that are in contradiction of the intent of this
19 Act. The report shall include an assessment of the effects of
20 the provisions of this Act on access to hospital and health
21 care services, as well as an evaluation of the contribution of
22 all purchasers of care to hospital charity care.

23 (d) The Department shall issue a report on the subjects
24 addressed in Sections 10, 15, 20, and 25 at least annually,
25 with the first report due on March 1, 2007.