

UVa promises changes after report on medical debt collection

- By RUTH SERVEN SMITH Sep 10, 2019



- University of Virginia Medical Center

The University of Virginia Medical Center is reviewing its policy of frequently suing and garnishing wages of patients who have not paid their medical bills.

A little over a month ago, University President Jim Ryan learned about the extent to which UVa sues to receive medical bills, according to a statement posted Monday evening on social media. He said he asked the CEO of the medical center, Pamela Sutton-Wallace, to change the aggressive practices, and that she agreed to do so.

“It is complicated, for a number of reasons, including the fact that we are legally obligated as a state agency to collect debts,” Ryan wrote. “But we have discretion within those legal constraints to make our system more generous and more humane, and that is what we will do. Pam and her team are finalizing the proposed changes, and we expect to announce them by the end of this week.”

A spokesman for the hospital confirmed Tuesday that the review was prompted by a scathing report by Kaiser Health News, which was published Monday in The Washington Post. [According to the investigation](#), the health system and its doctors sued former patients more than 36,000 times for over \$106 million from 2013 to June 2018, seizing wages and bank accounts, putting liens on property and homes and forcing families into bankruptcy.

“I know I am not the only person in this predicament,” said Yvonne Beverly, a Monroe resident who is currently being sued over \$6,222 in outstanding medical bills for her late husband’s acute myeloid leukemia treatment, according to a July warrant in debt. Her wages from her nursing job have already been garnished twice, according to

court records. On Sept. 5, she got another notice from UVa warning about an outstanding balance of \$7,846; she will return to Albemarle General District Court in October as UVa attempts to garnish her wages again.

“I feel like this is a punishment for loving my husband to the end,” she said. “But I held his hand as he died, and I don’t regret one minute of it.”

UVa declined to make Sutton-Wallace available for an interview about how these aggressive policies developed. The university announced Tuesday that she will leave her position in November in order to take a senior role at New York-Presbyterian Hospital, a departure which Ryan wrote in a statement was unrelated to the Kaiser Health News investigation.

[Hospitals across the country have been criticized](#) for tactics used to recoup their costs, according to previous media reports. Medical bills are a leading cause of bankruptcy, [according to several high-profile studies](#), though some researchers have disputed the degree to which hospital costs contribute to bankruptcy filings.

Nonprofit hospitals—which receive significant tax breaks because of their not-for-profit status—are more likely than for-profit hospitals to garnish the wages of patients, [according to a June study](#) of Virginia hospitals published in the Journal of the American Medical Association.

According to Marty Makary, a professor of surgery at Johns Hopkins University and an author of the study, a small number of Virginia hospitals accounted for the majority of suits filed in 2017. Food service, hospital workers and retail workers are the most likely patients to be sued for unpaid medical care, he said. And while the paper does not identify specific hospitals, Makary said his team reviewed cases filed in Albemarle County and saw that UVa was a leading filer of lawsuits.

“The doors of the hospital are open with a statement of admission and then patients are traumatized with a bill they cannot afford to pay,” Makary said in an interview in August.

[According to a 2018 analysis by The Virginia Mercury](#), the UVa Health System and Sentara Healthcare, which owns the Sentara Martha Jefferson Hospital, are leading filers of medical debt lawsuits in the state.

“There are lots of people who have insurance but bad policies, and so they get stuck with \$40,000, \$50,000 and \$60,000 in debt,” said Bob Stevens, a Charlottesville lawyer who handles bankruptcy cases, many of which are prompted by UVa debts, he said.

Each month, Albemarle County courts handle stacks of warrants in debt and garnishment cases brought by UVa. On a recent day in August, a judge flipped through the files of 121 people being sued by UVa for outstanding debts, calling out their names one by one to see if UVa staff members from the collections department had resolved the cases. If patients don’t arrive before the docket call to discuss a payment plan with the staff, the case is often referred for garnishment.

Marshall Slayton, another bankruptcy attorney who works in Charlottesville and Culpeper, said UVa employs several billing strategies that Slayton said often impact patients’ abilities to retain their assets when faced with expensive medical fees. In order to apply for financial assistance, UVa patients must first fill out a screening form that asks them to list their assets, which Slayton says simply allows the billing office to see if a patient has a house or a retirement account that could become collateral for debts.

In order to become more equitable and fairer to patients, Slayton said he would like to see UVa provide payment plans with higher income thresholds — UVa's is 200% of the federal poverty level — improve the financial screening process and streamline the billing process so patients aren't juggling bills from the UVa Medical Center, University Physicians Group, UVa Pharmacy and UVa Imaging.

But changes to collections processes may not impact the fees charged for emergency care and chronic conditions, which can be billed at varying rates depending on hospital and insurer and can be tough for individuals to understand and negotiate.

UVa sued Rick Morris, an Earlysville resident, earlier this year, for unpaid medical bills, but the case was dismissed. Morris is now suing UVa for what he says are unfair business practices, claiming that the hospital charged him, his wife and his son one rate for rabies shots, while his daughters, who sought treatment for rabies in Wytheville, were charged a much lower price at a community hospital. The case is currently set for trial in January.

According to law, UVa cannot turn away patients, which means it often takes care of the sickest and poorest patients. It does frequently give patients charity care; in the most recent fiscal year, which ended in June, spokesman Eric Swensen said UVa approved almost 10,000 applications for assistance. Many patients paid nothing beyond a \$6 copay.

However, its financial assistance policy is more limited than others in the state, according to the Kaiser investigation. To get assistance, UVa patients must earn less than 200% of federal poverty guidelines and own less than about \$3,000 in assets, not counting a house. Real estate or investment incomes can disqualify a patient from assistance.

Medical bills can also have long-lasting impacts on someone's life. After inquiries by The Daily Progress, patients reported high interest rates for payments, confiscated tax payments and the need for second jobs in order to pay for care. Some have been forced into bankruptcy, according to a review of federal court filings. Several university employees have resorted to GoFundMe campaigns in order to pay outstanding fees and stave off wage garnishment.

Outstanding fees can also affect university students' classes, as Ariel Harris found out.

In March, Harris, then in her third year at UVa, was in a car crash and went to the UVa Medical Center. The bills should have been covered by the other driver's insurance, she said, but the insurance payments lagged and UVa threatened to cancel her enrollment in August if she did not pay the \$7,000 still outstanding, according to notifications reviewed by The Daily Progress in August. The warning was the first time Harris had heard of a policy that made enrollment contingent on resolving hospital bills.

"My time in this hospital has by far been the worst of any health care system I've ever been a part of," said Harris, who was forced to temporarily drop her classes, hire a lawyer and spend hours on the phone with UVa staff members in order to resolve the situation.

Two weeks after her enrollment in fall classes was put on hold, Harris was able to re-enroll, but only after paying \$2,000 to pay the hold — money she still believes she should not owe and hopes to eventually recoup.

"There has to be some sort of division between the health care side [of UVa] and the university," she said. "It should not be able to impede your education; if I had happened to go to Martha Jefferson [Hospital] or somewhere in Richmond, I would not have faced these consequences."

There are currently 17 students enrolled on medical center holds, according to university spokesman Wes Hester, which means they will not be able to enroll in spring classes if they still have bills outstanding. Hester said no student's enrollments have been canceled due to the holds and that the policy is seen as an alternative to sending a student's bill to debt collections.

Hester said the university is reviewing the enrollment holds policy as part of its larger review of billing practices.

In Virginia and across the country, legislators and industry executives are wrangling about better ways to control health care costs so that patients are hopefully stuck with more manageable bills.

Sen. Tim Kaine, D-Va., after learning of the Kaiser Health News report on Monday, said he believed balanced billing legislation could resolve core problems of pricing in health care. A bipartisan group of federal lawmakers have been working on the issue, which aims to force health care providers avoid charging patients for receiving care from out-of-network practitioners at facilities that are part of their insurance network.

"We have a strong bill out of the [Health, Education, Labor and Pensions] Committee on the floor of the Senate that would completely eliminate any obligation of patients to pay surprise bills that show up late," Kaine said after a post office dedication ceremony in Charlottesville on Monday. "I haven't read the Kaiser study, but if we do what we should do and eliminate surprise bills, that should reduce these garnishment suits significantly."

UVa is expected to announce changes to its billing and collections policy on Friday, according to spokesmen.

UVa announces plans to forgive more medical debt, adjust collection guidelines

- [By RUTH SERVEN SMITH](#) Sep 13, 2019



DAILY PROGRESS FILE

The University of Virginia Medical Center announced Friday morning that it will adjust its financial aid guidelines in order to offer free and low-cost care to more patients.

The announcement came after pressure from a report that revealed how frequently the hospital had sued patients in recent years. Beginning in January, the university will write off more bills of low-income patients, and it will offer uninsured patients a larger discount if they meet new asset requirements, according to a statement. It has not yet, however, addressed whether it will add additional assistance for the unemployed or its own staff or students.

“The reality is our practices were too aggressive,” said President Jim Ryan. “We do accept all patients, but there’s a balance there in how you do it. It’s not an easy balance to get right, but I think we’re moving toward a better place.”

In a statement, the university said it recognized that “lawsuits, property liens and garnishing wages can be not only disruptive but devastating.” It said that, moving forward, the university will typically refrain from filing suit unless patients have outstanding balances over \$1,000 and are part of households earning more than 400% of the federal poverty level, which is \$103,000 for a family of four.

Doug Lischke, the hospital’s chief financial officer, said the hospital has considered adjusting its guidelines before, but first seriously started investigating the possibility after receiving inquiries from reporters.

On Monday, [Kaiser Health News published a report](#) that revealed the health system and its doctors had sued former patients more than 36,000 times for over \$106 million from 2013 to June 2018, seizing wages and bank accounts, putting liens on property and homes and forcing families into bankruptcy.

The new financial assistance guidelines represent a first step, according to the university, which also plans to form a working group to address the issue, improve its price transparency tools and address specific concerns of UVa students and staff who have had wages garnished or enrollments put on hold due to medical bills.

“This is here to stay,” Lischke said Friday during an interview also attended by a hospital spokesman. “And we’re hoping to lead the way in how we put in systems and processes that are deemed fair and equitable.”

Currently, UVa writes off the bills of only a small fraction of patients who are at or below the federal poverty level and who have less than \$3,200 in assets. An individual making less than \$12,500 or a family of four making less than \$25,750 are considered to be living in poverty, according to federal guidelines. UVa’s current asset test asks patients to list retirement, savings and investment accounts; it excludes a home, a car and up to 3.99 acres of land.

Those eligibility guidelines were the most restrictive in the state, according to the Kaiser investigation, and meant low-income families with as little as \$4,000 in a savings account were dunned for outstanding medical bills, as well as court fees and lawyer fees.

In addition to the new lawsuit threshold, UVa announced a new sliding scale for which patients are eligible for financial assistance:

- » Beginning Jan. 1, patients at or below the federal poverty level who have less than \$50,000 in assets will have their bills written off entirely.
- » Beginning Jan. 1, patients between 101-200% of the federal poverty line who have less than \$50,000 in assets will also have their bills written off entirely.
- » For patients between 201-300% of the federal poverty line, UVa currently writes off 20% of charges if patients are not insured. Beginning Jan. 1, the hospital will write off 60% of the charges for those within this income bracket who have less than \$50,000 in assets and are uninsured.
- » For those between 301-400% of the federal poverty line, UVa currently writes off 20% of charges if patients are not insured. Beginning Jan. 1, the hospital will write off 50% of the charges for those within this income bracket who have less than \$50,000 in assets and are uninsured.
- » For those who are not insured and who are over 400% of the federal poverty line, the hospital currently writes off 20% of their charges. Beginning Jan. 1, UVa will write off 40% of their charges.
- » For those below 400% of the poverty line but with assets over \$50,000, UVa will write off 40% of their charges.

People who do have insurance but have high-deductible plans will also be offered assistance with their out-of-pocket costs, depending on their income and assets.

The changes came after days of quiet from university officials, other than social media statements by Ryan and the medical center. On Friday, the hospital invited its employees to two town halls but did not allow Progress staff to attend, saying the meetings were private.

Experts have called for the university to also use more transparency in pricing and billing. At UVa, as at most hospitals, the uninsured are charged a sticker price, also called the chargemaster price. Most insurers negotiate prices for procedures that are significantly cheaper than the sticker price, and Medicare and Medicaid typically pay lower still. And despite recent policy changes [that require hospitals to post their chargemasters](#), and UVa's tool to request prices for procedures, it can still be difficult for patients to have any idea what they might pay for a given procedure.

On Friday, Pamela Sutton-Wallace, the outgoing CEO of the medical center, said the hospital was reviewing how it charged for procedures but that any adjustments to prices for one group of patients would also likely require adjustments for other groups and would only occur as part of a broader process.

The changes also do not offer any additional assistance for the unemployed, or for UVa staff who have had wages garnished, or for the 17 students that UVa said on Tuesday had enrollment holds placed on their accounts, changes that would be in line with measures other not-for-profit hospitals have recently taken, according to the Kaiser investigation.

Ryan said he thought the university needed to look at whether the hospital could offer additional relief to staff and students, but he wasn't yet clear on the legal options available.

"A lot of these situations are very different, patient to patient, and what we're doing right now is trying to commit to something that can begin to help," he said.

Patients who must pay bills before Jan. 1 are encouraged to call (434) 980-6110 beginning on Monday for potential assistance, according to the university.

The university did not make a statement about ongoing court cases in the Albemarle General District Court; on Thursday, [university lawyers dropped 14 warrant in debt suits](#), but according to online court records, nearly 300 remain on the docket later this month.

UVa drops 14 medical debt lawsuits following report

• By [RUTH SERVEN SMITH](#) Sep 12, 2019

• Three days [after a report revealed](#) that the University of Virginia Medical Center sued patients 36,000 times over six years to collect on overdue hospital bills, the university moved to dismiss 14 existing cases in Albemarle General District Court.

The cases were on the docket Thursday afternoon. One by one, Melissa Riley, a lawyer for UVa, announced the hospital would non-suit them, meaning that UVa is dropping the case because it does not have enough current evidence, though it may pursue charges again later.

“We non-suited everything that was before the court today,” Riley said after the hearing. “In terms of ongoing lawsuits, the university is conducting a review and may announce changes to its policies tomorrow.”

Tim Heaphy, who is university counsel, said hospital administrators made the decision.

[The action comes amidst an internal review](#) of how frequently UVa sues and garnishes wages for repayment of debts. According to a Kaiser Health News investigation, published Monday, the health system and its doctors sued former patients for over \$106 million from 2013 to June 2018, seizing wages and bank accounts, putting liens on property and homes and forcing families into bankruptcy.

UVa does not appear to have dismissed the 137 warrant in debt cases scheduled for Sept. 20, however, nor the 159 cases scheduled for Sept. 26, nor the outstanding garnishment cases that appeared in online court records on Thursday.

“None of it makes any sense at all,” said Ashleigh Jackson, who appeared in court to ask questions about garnishment paperwork that she and her husband, Daniel, had received, even though Jackson said they hadn’t seen the original bill and had never noticed a drop in their paycheck. Originally from King William County, the couple recently moved to Charlottesville while their son is treated for complications after a heart transplant.

UVa did not further discuss the decision to non-suit or any other aspect of the issue during Board of Visitors meetings on Thursday.

During a regular meeting of the Health System Board, which oversees the medical center, officials discussed the hospital’s finances, medical school admissions practices and electronic management systems. The hospital is considering a pilot program to offer treatment for hepatitis C at Fluvanna Correctional Center for Women, according to CEO Pamela Sutton-Wallace.

“We’re going to be very sorry to lose you,” Jim Murray, the rector of the university, told Sutton-Wallace. She announced Tuesday [that she would leave her position in November](#).

The board declined to discuss collections policies in open session.

“I have discussed it with counsel, and the issue of financial management is best discussed in closed session,” said Dr. L.D. Britt, who chairs the board.

UVa is expected to announce further changes to its collections policies on Friday, but it is not clear how far-reaching those changes might be.

Experts have suggested large shifts in how UVa measures patients’ need for financial assistance, as well as broader transparency in how it bills patients.

“Any suing of patients by an organization that won’t show transparent pricing is a violation of the public trust,” said Marty Makary, a professor of surgery at Johns Hopkins University.

Makary, author of the recent book “The Price We Pay,” is also [an author of a recent study](#) that found that four nonprofit and one for-profit Virginia hospitals are responsible for 51% of garnishment cases in the state in 2017. He and a team of doctors and lawyers investigated Mary Washington Healthcare in Fredericksburg earlier this year; within a day of an NPR report detailing the number of cases the hospital brought in local courts, [the hospital said it would suspend its practice of suing patients for unpaid bills](#).

Prices for medical procedures aren’t fair if a patient can’t understand how they are coded and charged, Makary asserts, and hospitals need to shake up their business practices.

“We are living in an era where hospitals need to be more honest with prices and services,” Makary said. “You have to change the business of medicine so that it is fair and honest and kind. Nobody went to medical school to have their patients sued into poverty.”