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CSS STUDY FINDS THAT MOST OF THE STATE'S \$1.2 BILLION INDIGENT CARE POOL (ICP) FUNDING GOES TO HOSPITALS THAT FAIL TO INFORM NEEDY PATIENTS OF FINANCIAL AID ELIGIBILITY

Two thirds of the hospitals surveyed had policies that violate state law or impose undue burdens on patients applying for financial aid

New York, NY, -- New York's hospitals are systemically not complying with the Hospital Financial Assistance Law (HFAL), yet still receive \$1.2 billion in state and federal funds to underwrite costs for financing uncompensated care for uninsured and underinsured patients. As a consequence, financially-strapped patients of these hospitals are being denied access to financial aid, and in many cases, incurring unmanageable medical debt.

A [new report](#) by the **Community Service Society (CSS)** on New York's Hospital Indigent Care Pool (ICP) program found that a lack of transparency, consistency and accountability in the administration of program funds. Most alarming was the fact that many hospitals surveyed by CSS were claiming ICP funds to underwrite patient "bad debt" – unpaid medical bills – not financial aid. A patient who is written off as "bad debt" can and often is pursued by collection agents. A patient who receives financial aid is not.

The report, "Incentivizing Patient Financial Assistance: How to fix New York's Hospital Indigent Care Program," found that in 2010 New York provided nearly \$250 million in ICP payments to hospitals which had collectively placed more than 4,000 liens on patients' homes to recover payment of unpaid medical bills.

"Public funds intended to help patients who are unable to pay for health care should flow to hospitals that comply with state guidelines and improve patient access to financial aid, not to hospitals that impose barriers to it," said David R. Jones, CEO and President of the Community Service Society. "This report lays out the reforms needed to hold hospitals publicly accountable, and to prevent cases in which low and moderate-income families emerge from our hospital system with ruined credit and unnecessary debt."

"For more than a decade patient advocates have complained about the disconnect in the New York State ICP system," said Elisabeth Benjamin, Community Service Society Vice President of Health Initiatives. "It's time to fix a program that allocated more than a billion in public funds to hospitals

without providing any financial incentive to hospitals to actually offer financial assistance to needy patients.”

Under state law, hospitals are required to make their written financial assistance policies available to the public. Specifically, the HFAL requires hospitals to provide two documents to patients: an application form and a policy summary. The law and the State Department of Health (SDOH) guidance letter instruct hospitals on what they should include in these application materials, and what they are not allowed to include.

CSS identified 201 hospitals for its study. Of the 201 hospitals, 20 declined to release their policies and financial assistance materials to CSS and do not publicly post HFAL applications on their Web sites. In 2010, these hospitals received \$87 million in ICP payments.

Report Recommendations

The report, which for the first time examined what hospitals are receiving in public funds in relation to what they are reporting to regulators, recommends a three-prong approach to fixing the indigent care pool:

1. Improve patient access to financial assistance by: requiring all hospitals to use one simplified application and posting it on the SDOH Web site; perform regular compliance audits; raising income eligibility and allowing patients to pre-qualify for financial assistance.
2. Incentivizing hospital compliance with the HFAL by linking receipt of funding to actual financial assistance provided to eligible patients.
3. Improving transparency of hospital indigent care pool payment distribution.

The Affordable Care Act will reduce the amount of federal funding available to New York’s ICP program. More importantly, beginning in 2014 the ACA will prohibit hospitals from off-setting “bad debt” with federal funds. For these reasons, it is in the state’s interest to make reforms now and put pressure on hospitals to allocate funds to those patients that need it. In doing so, New York will maximize scarce public funds and make the ICP function more effectively.

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For more than 168 years, the Community Service Society of New York has been the leading voice on behalf of low-income New Yorkers and continues to advocate for the economic security of the working poor in the nation’s largest city. We respond to urgent, contemporary challenges with applied research, advocacy, litigation and innovative program models that help the working poor achieve a better quality of life and promote a more prosperous city.