



**COLORADO CENTER**  
on LAW & POLICY

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Justice and Economic Security for *all* Coloradans

## Hospital Payment Assistance Act

The “Hospital Payment Assistance Act” (SB12-134) helps working families who cannot afford insurance to responsibly pay their hospital bills.

Uninsured patients, who do not have the bargaining power of large insurance companies or public programs, are charged much higher prices for hospital care than those with insurance. Public programs and private insurers negotiate lower prices with hospitals. Uninsured patients are the only group that pays the full listed prices for hospital care. These higher prices are a significant hardship for working families that already struggle to afford medical care, forcing many patients to go into debt, or even declare bankruptcy.

### Why is SB12-134 Needed?

#### Colorado Background Information:

- A Colorado Health Access Survey reported that 21% of Coloradans have difficulty paying their medical bills.
- The Colorado Center on Law and Policy’s study, *The Cost of Care: Can Coloradans Afford Health Care* found that families that spend more than 5% of their annual income on health care are forced to reduce or eliminate savings and educational investments.
- The latest Medicare cost reports show that total hospital charges in Colorado were 384% of total hospital costs, demonstrating that charges were significantly more than the cost of delivering care.
- In a survey of Colorado hospitals, the Colorado Consumer Health Initiative found that hospital charity and discount care policies were not always available online and in several cases the policies that were online were not easily accessible.

#### National Background Information:

- An American Journal of Medicine Study reported that 62.1% percent of all US bankruptcies in 2007 were attributable to high medical costs.
- Families that experienced bankruptcy due to medical debt were more likely to have a lapse in health coverage in the two years before they filed.

- The average out-of-pocket medical costs for a family that declared bankruptcy were \$17,943.

### **The Three Components of the Hospital Assistance Program:**

- 1. Increased transparency standards:** SB12-134 would require hospitals to make information about discount programs and charity care available in hospitals and on hospital websites. Patients could also receive this information while they are in the hospital and it would be included with their hospital bills.
- 2. Debt collection standards:** SB12-134 would require hospitals to offer to screen uninsured patients for the discount program established by the bill, as well as any other financial assistance or charity care programs offered by the hospital. The bill would also require hospitals to offer reasonable payment plans to uninsured patients before initiating collection proceedings.
- 3. Limits on hospital prices for the uninsured:** SB12-134 would limit the amount that low-income uninsured patients (250% of Federal Poverty Level or below) would be required to pay on a hospital bill to not more than the lowest negotiated rate paid to the hospital by a private insurer.

SB12-134 gives working families important information about hospital discount policies and charity care and a chance to responsibly pay their medical bills.

#### **For more information contact:**

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#### **Organizations supporting SB12-134:**

9to5, National Association of Working Women; Academy of Family Physicians; Advocacy Denver; All Families Deserve a Chance Coalition; American Cancer Society; The Arc of Colorado; Autism Society; The Bell Policy Center; Colorado Coalition for the Medically Underserved; Colorado Cross-Disability Coalition; Colorado Progressive Coalition; Colorado Senior Lobby; Colorado Social Legislation Committee; Mental Health America; NARAL; The Women's Lobby of Colorado; AARP; Colorado Children's Campaign; American Cancer Society Cancer Action Network; Jubilee Ministries of the Episcopal Church.