Senate File 26 - Introduced

SENATE FILE _____
BY BOLKCOM and HATCH

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

An Act relating to hospital discounts to uninsured patients, and providing civil penalties.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
TLSB 1609XS 83
pf/rj/24

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HOSPITAL DISCOUNTS TO THE UNINSURED ACT

Section 1. NEW SECTION. 135B.35 SHORT TITLE.

This division shall be known and may be cited as the "Hospital Discounts to the Uninsured Act".

Sec. 2. NEW SECTION. 135B.36 DEFINITIONS.

As used in this division, unless the context otherwise requires:

1. "Cost=to=charge ratio" means the ratio of a hospital's costs to its charges taken from its most recently filed Medicare cost report.

2. "Critical access hospital" means a hospital designated as a critical access hospital pursuant to 42 U.S.C. } 1395i=4.

3. "Family income" means the sum of a family's annual earnings and cash benefits from all sources before taxes, less payments made for child support.

4. "Federal poverty income guidelines" means the federal poverty level as defined by the most recently revised poverty income guidelines published by the United States department of health and human services.

5. "Health care services" means any medically necessary inpatient or outpatient hospital service, including pharmaceuticals or supplies provided by a hospital to a patient.

6. "Hospital" means a hospital licensed under this chapter.

7. "Iowa resident" means an individual who lives in Iowa with the intent to remain living in Iowa indefinitely. "Iowa resident" does not include an individual who relocates to this state for the sole purpose of receiving health care services.

8. "Medically necessary" means any inpatient or outpatient hospital service, including pharmaceuticals or supplies provided by a hospital to a patient, covered under Title XVIII of the federal Social Security Act for beneficiaries with the same clinical presentation as the uninsured patient. A "medically necessary" service does not include any of the following:

a. Nonmedical services such as social and vocational services.

b. Elective cosmetic surgery, unless it is cosmetic surgery designed to correct disfigurement caused by injury, illness, or congenital defect or deformity.

9. "Rural hospital" means a hospital that is located outside a federally designated metropolitan statistical area as determined by the United States census bureau.

10. "Uninsured discount" means a hospital's charges multiplied by the uninsured discount factor.

11. "Uninsured discount factor" means one less the product of a hospital's cost=to=charge ratio multiplied by one and thirty=five one=hundredths.

12. "Uninsured patient" means an Iowa resident who is a patient of a hospital and is not covered under a policy of health insurance and is not a beneficiary under a public or private health insurance, health benefit, or other health

coverage program, including high deductible health insurance plans, workers' compensation, accident liability insurance, or other third=party liability coverage.

Sec. 3. NEW SECTION. 135B.37 UNINSURED PATIENT DISCOUNTS.

1. ELIGIBILITY.

a. A hospital, other than a rural hospital or critical access hospital, shall provide a discount from its charges to any uninsured patient, who applies for a discount and has family income of not more than six hundred percent of the federal poverty income guidelines, for all medically necessary health care services exceeding three hundred dollars in any one inpatient admission or outpatient encounter.

b. A rural hospital or critical access hospital shall provide a discount from its charges to any uninsured patient, who applies for a discount and has annual family income of not more than three hundred percent of the federal poverty income guidelines, for all medically necessary health care services exceeding three hundred dollars in any one inpatient admission or outpatient encounter.

2. DISCOUNT. For all health care services exceeding three hundred dollars in any one inpatient admission or outpatient encounter, a hospital shall not collect from an uninsured patient, deemed eligible under subsection 1, more than the hospital's charges less the amount of the uninsured discount.

3. MAXIMUM COLLECTIBLE AMOUNT.

a. The maximum amount that may be collected in a twelve=month period, for health care services provided by the hospital from a patient determined by that hospital to be eligible under subsection 1, is twenty=five percent of the patient's family income, subject to the patient's continued eligibility under this division.

b. The twelve=month period to which the maximum collectible amount limitation applies shall begin on the first date an uninsured patient receives health care services that are determined to be eligible for the uninsured discount at that hospital. To be eligible to have the maximum collectible amount limitation applied to subsequent charges, the uninsured patient shall inform the hospital in subsequent inpatient admissions or outpatient encounters that the patient has previously received health care services from that hospital and was determined to be entitled to the uninsured discount.

c. (1) A hospital in a metropolitan statistical area may adopt a policy to exclude an uninsured patient from the application of paragraph "a" when the patient owns assets having a value in excess of six hundred percent of the federal poverty income guidelines. A critical access hospital or hospital outside a metropolitan statistical area may adopt a policy to exclude an uninsured patient from application of paragraph "a" when the patient owns assets having a value in excess of three hundred percent of the federal poverty income guidelines.

(2) In determining the percentage of the uninsured patient's assets, all of the following shall be excluded:

(a) The patient's primary residence.

(b) Personal property exempt from judgment under section 627.6.

(c) Any amounts held in a pension or retirement plan, provided however that distributions and payments from pension or retirement plans may be included as income for the purposes of this division.

4. STATEMENT OF DISCOUNT. Each hospital bill, invoice, or other summary of charges to an uninsured patient shall include with it, or on it, a prominent statement that an uninsured patient who meets certain income requirements may qualify for an uninsured discount and information regarding how an uninsured patient may apply for consideration under the hospital's financial assistance policy.

Sec. 4. NEW SECTION. 135B.38 PATIENT AND HOSPITAL RESPONSIBILITY.

1. APPLICATION FOR OTHER COVERAGE. A hospital may make the availability of a discount and the maximum collectible amount under this division contingent upon the uninsured patient first applying for coverage under public programs or any other program, if there is a reasonable basis to believe that the uninsured patient may be eligible for such program.

2. APPLICATION FOR DISCOUNT. A hospital shall permit an uninsured patient to apply for a discount within sixty days of the date of discharge or date of service.

3. INCOME VERIFICATION. A hospital may require an uninsured patient who is requesting an uninsured discount to

provide documentation of family income. Acceptable family income documentation shall include any of the following:

a. A copy of the uninsured patient's most recent tax return.

b. A copy of the uninsured patient's most recent internal revenue service W=2 and 1099 forms.

c. Copies of the uninsured patient's most recent wage payment stubs.

d. Written income verification from an employer if paid in cash.

e. Another reasonable form of third=party income verification deemed acceptable to the hospital.

4. ASSET VERIFICATION. A hospital may require an uninsured patient who is requesting an uninsured discount to certify the existence of assets owned by the patient and to provide documentation of the value of such assets. Acceptable documentation may include statements from financial institutions or some other third=party verification of an asset's value. If third=party verification does not exist, the patient shall certify as to the estimated value of the asset.

5. IOWA RESIDENT VERIFICATION. A hospital may require an uninsured patient who is requesting an uninsured discount to verify Iowa residency. Acceptable verification of Iowa residency shall include any of the following:

a. Any of the documents listed in subsection 3.

b. A valid state=issued identification card.

c. A recent residential utility bill.

d. A lease agreement.

e. A vehicle registration card.

f. A voter registration card.

g. Mail addressed to the uninsured patient at an Iowa address from a government or other credible source.

h. A statement from a family member of the uninsured patient who resides at the same address and presents verification of residency.

i. A letter from a homeless shelter, transitional house, or other similar facility verifying that the uninsured patient resides at the facility.

6. CERTIFICATION OF INFORMATION == FORFEITURE. A hospital may require patients to certify that all of the information provided in the application is true. The application may state that if any of the information is untrue, any discount granted to the patient is forfeited and the patient is responsible for payment of the hospital's full charges.

7. DETERMINATION OF TWELVE=MONTH MAXIMUM. In order for a hospital to determine the twelve=month maximum amount that can be collected from a patient deemed eligible under section 135B.37, an uninsured patient shall inform the hospital in subsequent inpatient admissions or outpatient encounters that the patient has previously received health care services from that hospital and was determined to be entitled to the uninsured discount.

8. HOSPITAL OBLIGATION. A hospital's obligation toward an individual uninsured patient under this division shall cease if that patient unreasonably fails or refuses to provide the hospital with information or documentation requested under subsection 3, 4, or 5, or to apply for coverage under public programs when requested under subsection 1, within thirty days of the hospital's request.

Sec. 5. NEW SECTION. 135B.39 EXEMPTIONS AND LIMITATIONS.

1. A hospital that does not charge for its services is exempt from the provisions of this division.

2. This division shall not be used by a private or public health care insurer or plan as a basis for reducing its payment or reimbursement rates or policies with respect to any hospital. Notwithstanding any other provisions of law, discounts authorized under this division shall not be used by a private or public health care insurer or plan, regulatory agency, arbitrator, court, or other third=party to determine a hospital's usual and customary charges for any health care service.

3. This division shall not be construed to require a hospital to provide an uninsured patient with a particular type of health care service or other service.

Sec. 6. NEW SECTION. 135B.40 ENFORCEMENT.

1. The department shall administer and ensure compliance with this division, including adoption of any rules necessary for the implementation and enforcement of this division.

2. The department shall develop and implement a process for receiving and handling complaints from individuals or

hospitals regarding alleged violations of this division.

3. Each hospital shall file worksheet C part I from the hospital's most recently filed Medicare cost report with the department, annually, within thirty days of filing the Medicare cost report with the hospital's Medicare fiscal intermediary.

4. The department may conduct any investigation deemed necessary regarding possible violations of this division by any hospital including the issuance of subpoenas to:

a. Require the hospital to file a statement or report or answer interrogatories in writing as to all information relevant to the alleged violations.

b. Examine under oath any person who possesses knowledge or information directly related to the alleged violations.

c. Examine any record, book, document, account, or paper necessary to investigate the alleged violations.

5. If the department determines that there is reason to believe that any hospital has violated this division, the department may bring an action for injunctive relief for any act, policy, or practice by the hospital that violates this division.

6. The department may seek the assessment of a civil penalty not to exceed five hundred dollars per violation in any action filed under this division if a hospital, by pattern or practice, knowingly violates section 135B.37.

7. If a hospital is found to have violated this division, following exhaustion of all appeals, the department may suspend or revoke the hospital's license.

EXPLANATION

This bill creates a new division in Code chapter 135B (licensure and regulation of hospitals). The division is entitled the "Hospital Discounts to the Uninsured Act".

The bill provides definitions including "cost=to=charge ratio", "family income", "federal poverty income guidelines", "Iowa resident", "medically necessary", "uninsured discount", "uninsured discount factor", and "uninsured patient" for the purposes of the division.

The bill specifies the formula for computing the discount. Under the bill, eligibility of individuals for an uninsured patient discount applies to individuals receiving medically necessary services at a hospital, other than a critical access hospital or a rural hospital, with family incomes of not more than 600 percent of the federal poverty income guidelines, for health care services exceeding $300 in any one inpatient admission or outpatient encounter. The uninsured patient discount also applies to uninsured patients receiving medically necessary services at a rural hospital or critical access hospital with annual family incomes of not more than 300 percent of the federal poverty income guidelines for all medically necessary services exceeding $300 in any one inpatient admission or outpatient encounter.

The bill establishes a maximum collectible amount during a 12=month period. The bill provides that a hospital may exclude an uninsured patient from application of the discount if the uninsured patient has a specified amount of assets. The bill directs hospitals to provide a prominent statement of the uninsured discount in bills, invoices, or other summaries of charges to uninsured patients.

The bill specifies patient responsibilities and hospital obligations. A hospital may require that an uninsured patient first apply for public programs or other third=party coverage if there is a reasonable basis to believe that the uninsured patient may be eligible for such program, prior to the patient's application for the uninsured patient discount. A patient applying for the discount is responsible for verifying the patient's family income, assets, and residence. The hospitals obligation to the patient may cease if the patient unreasonably fails or refuses to provide the information and documentation requested with 30 days of the hospital's request.

The bill provides that a hospital that does not charge for its services is exempt from the provisions of the bill. The bill also provides that nothing in the bill is to be used by any private or public health care insurer or plan as a basis for reducing its payment or reimbursement rates or policies with respect to any hospital. Discounts authorized under the bill are also not to be used by any private or public health care insurer or plan, regulatory agency, arbitrator, court, or other third=party to determine a hospital's usual and customary charges for any health care service. Nothing in the bill is to be construed to require a hospital to provide an

uninsured patient with a particular type of health care service or other service.

The bill provides for enforcement by the department of inspections and appeals. The bill authorizes subpoena power on the part of the department in an investigation of possible violations of the bill to require the hospital to file a statement or report or answer interrogatories in writing as to all information relevant to the alleged violations; examine under oath any person who possesses knowledge or information directly related to the alleged violations; and to examine any record, book, document, account, or paper necessary to investigate the alleged violation. If the department determines that there is reason to believe that any hospital has violated the bill, the department may bring an action for injunctive relief. The department may also seek the assessment of a civil penalty not to exceed $500 per violation if a hospital knowingly violates the uninsured patient discount provisions of the bill. Finally, if a hospital is found to have violated the bill, following exhaustion of all appeals, the department may suspend or revoke the hospital's license.

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