



Hospital Compliance with the Hospital Fair Pricing Act (AB774)
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Executive Summary

In July 2008, a coalition of consumer groups¹ visited 66 hospitals around California to determine if the Hospital Fair Pricing Act (AB774) was reaching the consumers the Act was intended to benefit. The survey focused on the provisions of the Hospital Fair Pricing Act that ensure that consumers will know about a hospital's fair pricing policies and have access to such policies, specifically:

- The duty to post specific information in specific locations;
- The duty to provide discount pricing policies and applications upon request; and,
- The duty to provide such information in all of the languages that a hospital commonly serves.

Survey results indicate that many hospitals are still not in full compliance with AB774, and that non-compliance is a particular problem in Los Angeles County. Issues of concern to the IOU Project partners include:

- Forty-three percent of hospitals surveyed were unwilling or unable to give their financial assistance policies to surveyors on request, as required by law.
- Less than two-thirds of hospitals surveyed had the required notices posted in both the admissions area and the emergency room.
- A number of hospitals in linguistically diverse areas of Southern California had notices posted in English only, not in Spanish and other threshold languages as required by law.
- Only 10% (3) of the hospitals with policies available had them in more than two languages, while 30% (9) of the hospitals had policies only in English.

We look forward to working collaboratively with the California Hospital Association, the Southern California Hospital Association and their member hospitals to remedy these problems and to better serve California's low-income uninsured and underinsured residents.

¹ The coalition, known as the California Health IOU Project, is a collaborative effort to protect consumers from underinsurance and medical debt by:

Monitoring and working with hospitals to ensure they comply with AB774, _
Educating and training public and private agencies, advocacy groups and the public to ensure that uninsured and underinsured Californians know their rights under AB774, and,
Advocating for minimum standards and labeling requirements for health coverage sold in California.
IOU Project partners include Health Access, Western Center on Law and Poverty, ACORN California, Bay Area Legal Aid, CalPIRG, Consumers Union, Community Health Councils, Inc., Congress of California Seniors, Health Rights Hotline, Legal Aid Society of Orange County, Neighborhood Legal Services of Los Angeles County, Legal Aid Society of San Mateo County and the National Health Law Program.

Background

In 2006, landmark legislation was enacted in California, capping the maximum charges that low and moderate income uninsured and underinsured consumers could be charged and providing additional protections on how these charges could be collected. The Hospital Fair Pricing Act, also known by its bill number, AB 774, went into effect on January 1, 2007, culminating a multiyear effort by consumer groups to ensure that the most vulnerable health care consumers would not lose their homes or be driven into bankruptcy by medical bills.

2008 Survey

In July 2008, a year and a half after hospitals were required to be in compliance with the law, a coalition of consumer groups visited 66 hospitals to determine if the Hospital Fair Pricing Act was reaching the consumers the Act was intended to benefit. While hospitals have considerable discretion in determining their own fair pricing policies, the Hospital Fair Pricing Act has specific requirements as to how hospitals must notify consumers and make these policies publicly available.

The coalition tried to include a representative range of hospitals in 10 different counties across California: public and private; for-profit and non-profit; members of hospital systems (such as Kaiser, Tenet, and Sutter) and stand-alone facilities; urban, suburban, and rural. Although this is not a scientifically-drawn random sampling, it does include a wide variety of general acute care hospitals in California and, perhaps more importantly to the consumer groups conducting the survey, includes hospitals that their consumers use.

The surveyors included workers and interns at Bay Area Legal Aid, Community Health Councils, Health Consumer Center of Los Angeles, Health Rights Hotline, Legal Aid Society of Orange County, Legal Aid Society of San Mateo County, National Health Law Program, and Western Center on Law & Poverty. These were not professionally trained surveyors, but then neither is the typical uninsured consumer who ends up with a large hospital bill and needs access to a fair price.

The survey focuses on the portions of the Hospital Fair Pricing Act that ensure that consumers will know about a hospital's fair pricing policies and have access to such policies. Surveyors checked for posted notices regarding the availability of financial assistance in admissions, the billing office, the emergency room, and in one of the outpatient settings. If a notice was posted, they checked to see that the notice contained brief instructions on how to apply for financial assistance, a phone number of a person or office to contact for more information, and what languages the notices were posted in. Surveyors then asked a hospital employee at admissions for a copy of the discount payment and charity care policies and applications. If surveyors were directed to another department, such as the billing office, they went there and asked for the same.

A copy of the survey instrument is attached on the final page of this report. ²

Prior to the enactment of Hospital Fair Pricing Act three other surveys had been conducted in California regarding the availability of hospital financial assistance policies to consumers. In 2004, Health Access surveyed 40 hospitals to determine their compliance with the California Hospital Association's new voluntary guidelines on billing and collections practices.³ In 2005, the California HealthCare Foundation conducted a survey to determine whether consumers could find the price of specific medical procedures and whether they could find out about available financial assistance.⁴ In 2006, the Health Consumer Alliance conducted a survey to again measure to what extent hospitals were complying with the California Hospital Association's voluntary guidelines on billing and collection practices.⁵ Although these surveys used different methodologies and measurements, they can serve as a rough baseline for comparison purposes to measure the effect of the Hospital Fair Pricing Act for consumers. As only voluntary guidelines were in effect in the three prior surveys, the percentage of hospitals with posted notices and available fair pricing policies should dramatically rise once these became required by law.

Compliance with Posted Notice Requirements

The Hospital Fair Pricing Act requires all hospitals to post notices regarding hospital financial assistance. These notices must include the phone number of the person or office to contact for more information and a brief description of the eligibility criteria.⁶ Notices must also be posted in all of the languages that a hospital commonly serves and must be posted in locations visible to the public, including the admissions area, the billing office, the emergency room, outpatient settings.⁷ Thus, any hospital lacking notices in these areas with the required language is in violation of state law.

Less than two-thirds of all hospitals surveyed had the required notices posted in both the admissions area and the emergency room.

Although 83% (54) of hospitals surveyed had notices of the availability of financial assistance posted in the admissions area and 75% (48) had notices posted in the emergency room, only 65% (43) had these notices posted in both places. One-third of the hospitals surveyed are out of compliance with this basic requirement of the Hospital Fair Pricing Act. While that is a high number in violation of the law, it is an improvement over what the Health Consumer Alliance found in 2006 when 60% of the hospitals it surveyed did not have notices posted in both of these

² Although not included in this survey, hospitals are also required to send notice of their fair pricing policies with the bill to any uninsured consumer (Health & Safety Code § 127420(b))

³ Give Us a Sign!, Health Access, 2004, <http://www.health-access.org/providing/volguidereport.htm>

⁴ Price Check: The Mystery of Hospital Pricing, 2005, <http://www.chcf.org/topics/hospitals/index.cfm?itemID=117606>

⁵ A Tear in the Safety Net: Hospitals Fail to Ensure Financial Assistance for Low-Income Californians, Health Consumer Alliance, 2006, <http://www.health-access.org/providing/volguidereport.htm>

⁶ Health & Safety Code § 127410(a).

⁷ Health & Safety Code § 127410(b).

areas.⁸ Similarly, it is a great improvement over 2004, when Health Access found only 35% of the hospitals it surveyed had such a sign in the admissions area.⁹

The survey team lacked the capacity to survey every outpatient setting of every hospital visited as some hospitals have dozens of outpatient facilities. Surveyors thus checked one outpatient area. Given that limitation, surveyors only found notices posted at 60% (35) of the outpatient areas visited. Similarly, the survey team is aware that many hospital billing offices are either off-campus, or members of the public are not permitted inside, thus the percentage in compliance may not give as accurate of a picture of a hospital's attempt to ensure that consumers are notified of its policy without additional information regarding whether members of the public actually enter these areas.¹⁰ Of the 34 hospitals that had billing offices open to the public and on-campus, 76% (26) had the required notice posted.

Not all hospitals with posted notices had the required information in the notice.

In addition to requiring hospitals to post information regarding the availability of financial assistance, the Hospital Fair Pricing Act also requires hospitals to include the phone number of the office or person to call for more information as well as brief instructions on eligibility criteria.¹¹ 93% (50 of 54) that had notices posted had a phone number on the notice in the admissions area. Given that some of the hospitals had nothing posted at all, this means that only 76% (50 of 66) of hospitals surveyed were in compliance. Not surprisingly, similar results were found in the emergency departments, outpatient facilities and billing offices; typically the same notices were posted everywhere. This is, however an improvement over that findings of the 2006 Health Consumer Alliance survey where only 70% of the postings had telephone numbers to call for more information.

Hospitals should post notices in more languages.

The Hospital Fair Pricing Act requires that written notices of financial assistance be in languages spoken by 5% or more of the patients served by the hospital.¹² While surveyors did not have information on the languages spoken in each hospital service, all of the hospitals were found in counties with multiple threshold languages.¹³ Thus while we cannot quantify compliance with the Hospital Fair Pricing Act without more information from the hospitals themselves, some hospitals were obviously out of compliance. Of the 6 hospitals that had notices posted in English only in the admissions area, 4 of those hospitals are in Los Angeles county, one of the most linguistically diverse counties in the nation. Two of the Los Angeles hospitals only had English

⁸ A Tear in the Safety Net, p. 27

⁹ Give Us a Sign!, p. 8

¹⁰ Nonetheless, Health & Safety Code 127410(b) still requires posting in these areas.

¹¹ Health & Safety Code 127410(a).

¹² See Health & Safety Code § 127410(a) referring to the California Insurance Code § 12693.30 which incorporates the Dymally-Alatorre Bilingual Services Act found at California Government Code § 7290 *et seq.*, specifically, § 7296.2.

¹³ Explanation of threshold languages per Medi-Cal.

postings in the emergency department, while one of the Orange county hospitals only had English postings. Interestingly, some hospitals that had bilingual or multi-lingual postings in one area of the hospital, had English-only postings in another area of the hospital.

Only hospitals in the Sutter hospital system had postings in 5 or more languages, but even some of these hospitals did not have consistent postings in multiple languages in all areas of the hospital. Speakers of Spanish fared far better than speakers of other languages as at least 71% of all posted notices also had Spanish translations. In fact, with the exception of one hospital that had a Tagalog translation in one area and a Chinese translation in another, if the hospital had multiple languages posted, it had Spanish. One hospital only had postings in Spanish.

This is a far improvement over the findings of Health Access's 2004 survey where only 34% of hospitals had bilingual postings regarding notices of financial assistance. More translations are still needed and postings should be consistent throughout the hospital.

Hospitals must make their financial assistance policies and applications available at the hospital.

Hospitals are required by law to offer information regarding their financial assistance and charity care policies and applications to any persons without health coverage who ask, as well as submit their policies and applications to the Office of Statewide Health Planning and Development for posting on its public website.¹⁴ Nonetheless, some hospital employees refused to give their policies over to the surveyors who asked.

30 (43%) of the 66 hospitals surveyed were unwilling or had no policies that they could hand over to surveyors. 27 (41%) refused or did not have applications on hand that they were willing to turn over. While many of these hospitals had policies or applications available on the state's public website, only a relatively sophisticated consumer would be able to find it there. As the Hospital Fair Pricing Act is not limited to just emergency services, but should be available for other inpatient and outpatient care as well, consumers should be able to view the policies and evaluate whether they would qualify for a discount.

Language access was also a problem in this area as surveyors inquired as to what languages the policies and applications were available. Only three (10%) of the hospitals with policies available had them in more than two languages, while 9 (30%) of the hospitals had only had their policies available in English. Similarly, only three (11%) of hospitals with applications had them available in more than two languages and 13 (48%) had applications available only in English. Policies and applications are only valuable to the extent that consumers can actually read them.

¹⁴ Health & Safety Code 1339.585 (Payers' Bill of Rights) and Health & Safety Code 127435 (Hospital Fair Pricing Act).

Appendix 1: Site Survey

A. Visual

	Admissions/Registration	Billing Office	Emergency Room	Outpatient Settings
Is there posted notice on availability of financial assistance?				
Does notice contain brief instructions on how to apply?				
Does notice contain a phone number of person or office to contact for more information?				
What languages is the notice posted in?				

B. Financial Assistance Policies and Applications

Discount Payment

1a. Would the hospital give you a copy of its discount payment policy?

Yes _____ No _____

b. Would the hospital give you a copy of its discount payment plan application?

Yes _____ No _____

c. Was the policy available in languages other than English? If so, list the languages.

d. Was the plan available in languages other than English? If so, list the languages.

Charity Care

2a. Would the hospital give you a copy of its charity care (free care) policy?

Yes _____ No _____

b. Would the hospital give you a copy of its charity care (free care) application?

Yes _____ No _____

c. Was the policy available in languages other than English? If so, list the languages.

d. Was the plan available in languages other than English? If so, list the languages.

Comments: (Ease of obtaining, helpfulness of staff, barriers, etc.)

Appendix 2: Hospitals Surveyed

Alameda Hospital, Alameda
Alta Bates Summit Medical Center, Oakland
Alta Bates, Berkeley
Anaheim General Hospital, Anaheim
Anaheim Regional Medical Center, Anaheim
Antelope Valley Hospital, Lancaster
Barton Memorial, South Lake Tahoe
Brotman Medical Center, Culver City
California Hospital Medical Center, Los Angeles
Cedar Sinai Medical Center, Los Angeles
Centinela Freeman, Inglewood
Children's Hospital, Los Angeles
City of Angels, Los Angeles
Coast Plaza Doctors Hospital, Norwalk
Coastal Communities Hospital, Santa Ana
Downey Regional Medical Center, Downey
Eden Medical Center, Castro Valley
Encino-Tarzana Region Medical Center, Encino
Fountain Valley Regional Hospital, Fountain Valley
Harbor UCLA Medical Center, Torrance
Henry Mayo Newhall Memorial Hospital, Valencia
Hollywood Presbyterian Medical Center, Hollywood
Kaiser Cadillac, Los Angeles
Kaiser Hospital - Morse, Sacramento
Kaiser Fremont
Kaiser Oakland
Kaiser Permanente South Sacramento, Sacramento
Kaiser Permanente, Hayward
Kaiser Permanente, Sunset and Vermont, Los Angeles
Kaiser Permanete - Panorama City
La Palma Intercommunity Hospital, La Palma
LAC/Olive View-UCLA Medical Center; Sylmar
LAC-USC, Los Angeles
Lancaster Community Hospital, Lancaster
Little Company of Mary Hospital, Torrance
Lucile Salter Packard Children's Hospital at Stanford, Palo Alto
Marshall Medical Center, Placerville
Mercy General Hospital, 4001 J St., Sacramento
Methodist Hospital of Sacramento
Mission Community Hospital-Panorama City
Northridge Hospital Medical Center; Northridge
Olympia Medical Center, Los Angeles,

Orange Coast Memorial, Fountain Valley
Pacifica Hospital of the Valley; Sun Valley
Peninsula Medical Center, Burlingame
Providence Holy Cross Medical Center, Mission Hills
San Francisco General Hospital, San Francisco
San Mateo Medical Center, San Mateo
Sequoia Hospital, Redwood City
Seton Medical Center, Daly City
St. Francis Medical Center, Lynwood
St. Joseph Hospital, Orange
St. Luke's Hospital, San Francisco
St. Rose Hospital, Hayward
St. Vincent Medical Center, Los Angeles
Stanford University Hospital, Palo Alto
Sutter Medical Center, Sacramento
Sutter Roseville Medical Center, Roseville
UCI Medical Center, Orange
UCLA Medical Center, Los Angeles
Valley Presbyterian Hospital, Van Nuys
Washington Hospital, Fremont
Western Medical Center, Santa Ana
White Memorial Medical Center, Boyle Heights, Los Angeles
Woodland Memorial Hospital, Woodland

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