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October 11, 2023

The Honorable Tammy Baldwin
United States Senate
Washington, DC 20510

Dear Senator Baldwin

I write in response to a recent Majority Staff Report released by your Senate HELP colleague, Chairman Sanders, entitled **Executive Charity - Major Non-Profit Hospitals Take Advantage of Tax Breaks and Prioritize CEO Pay Over Helping Patients Afford Medical Care.**

It is disappointing, though not surprising given the chairman's track record, that the report contains numerous half-truths aimed at whittling away support for not-for-profit hospital and health systems' tax-exempt status. This makes it all the more important to ensure you are aware of the great lengths our Wisconsin hospitals and health systems go to in order to provide not only some of the [highest quality health care at the best value to our Wisconsin residents](#), but also to ensure it is available regardless of someone's ability to pay for it. Below are a number of points the staff report leaves out:

- The report casts a negative light on the decrease some hospitals have had in charity care amounts in recent years. ***In reality, this decrease should be seen as a policy success of the Affordable Care Act.*** It makes perfect sense that the level of charity care should go down as the overall uninsured rate goes up. From 2011 to 2020, the U.S. uninsured rate [dropped from 18.2% to 11.1%](#), and as of 2023, [it stands at 7.7%](#). Of course, the more Americans that have access to Medicaid or government subsidized insurance through healthcare.gov, the less likely they will be to need to access charity care policies.
- Furthermore, the report entirely leaves out any discussion of the fact that ***Medicaid and Medicare significantly underpay hospitals and health systems for the health care they provide.*** In Wisconsin, Medicaid typically pays around 67% of what it costs to provide care, while Medicare pays only slightly better at around 73% of cost. While Wisconsin hospitals provided \$388 million in charity care and bad debt in 2021, this number is dwarfed by the whopping \$3.7 billion deficit they faced from what it cost them to provide care to Medicaid and Medicare patients compared to what they were reimbursed.
- In fact, an annual report done by the American Hospital Association estimates the ***total community benefits not-for-profit hospitals provide was almost 9 times greater than the value of tax revenue forgone*** when these programs are included.
- The majority staff report mentions but gives short shrift to the extensive work hospitals have done and continue to do to help those who are having trouble paying their bills. For instance, ***not only do hospitals have financial assistance policies, but they employ financial assistance counselors to help patients understand their bills and develop payment plans*** for those who can afford to pay them, but are having difficulty doing so.
- And thanks to the No Surprises Act and actions undertaken by CMS under the Trump administration and continued under the Biden administration, ***patients have more information about the cost of medical care than ever before.*** Many hospitals are sending out advanced estimates of the cost of their services (even before the CMS rules have been finalized), surprise medical bills are being eliminated, and hospitals are publishing electronic files including information on all their charges and rates negotiated with health insurers. Despite some arguments to the contrary, hospitals are complying with that last requirement – with Wisconsin hospitals averaging 4.6 out of 5 stars from Turquoise Health – an independent website that aggregates this data and compares costs of hospital services across the country.

- Regarding charity care policies, most WI hospitals provide charity care (financial assistance that can include entirely forgiving bills) for patients with low incomes – typically below 200% FPL, or \$60,000 for a family of four. “Low income” can be defined by each hospital, and some have policies with thresholds even higher than that, as well as a sliding scale of assistance for families with incomes above that.
 - These policies apply not just to people who are uninsured, but also to people who have insurance but have challenges affording copayments and/or deductibles.
 - In fact, Wisconsin hospitals write off more than \$1 billion in charges each year for bad debt and charity care to help those most in need.
- The staff report also perpetuates a misconception that liens are attached to customer’s personal property (cars, homes, etc.). In reality, the liens mentioned in news stories and alluded to in the report are usually done to establish a right for hospitals to collect their portion of any accident insurance settlement in which the injured party was awarded a claim for the very purpose of paying a medical bill.
 - There is nothing nefarious about this practice; even the WI State Medicaid department uses similar actions to establish its right to collect payment in injury settlements under [WI State Statute 49.89](#).
 - Turning unpaid bills over to collections agencies or litigation is a last resort, after multiple failed attempts to reach patients and offer payment assistance. In fact, most hospitals in Wisconsin paused medical debt lawsuits during the pandemic and collections are only pursued when it is determined the patient has an ability to pay, or is not responding to multiple attempts to determine whether they have an ability to make payments.
- Lastly, it is worth noting that ***unlike utilities, telecommunication companies, or landlords, hospitals cannot shut off someone’s service or evict them for failing to pay their bills, but rather, are required to provide the same level of high-quality care to anyone that comes through their emergency room doors, regardless of their ability to pay.***
 - In fact, [the National Consumer Law Center](#) actually advises people to pay medical debt last, ***due to the friendlier terms and much lower likelihood to impact a person’s credit score***. Clearly, if hospitals were as predatory in their debt collections practices as some news reports and this staff report make it seem, this would not be the advice the nation’s consumer law expert would give to consumers.

WHA is proud of the work our members do to support their communities as well as the emphasis they place on ensuring they can provide exceptional care and assistance to those for whom medical bills are a hardship. In fact, we publish [an annual report summarizing the extensive community benefits our members provide](#). The report includes facts, figures, and more than 135 unique stories of how Wisconsin hospitals serve their local communities. These examples play an important role in both quantifying and giving a face to the real value tax-exempt status continues to hold in supporting the public good.

WHA appreciates your continued support of Wisconsin health care and hopes you and your Senate HELP colleagues will take all these aspects into consideration as proposals impacting hospitals’ tax-exempt status come before the committee.

Sincerely,



Eric Borgerding
President and CEO

Cc: Wisconsin Congressional Delegation