CASE STUDY

State Campaign to Protect Marylanders from Medical Debt

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Introduction

MEDICAL DEBT is an issue that threatens the economic stability of Marylanders, especially individuals and families with low income and living in communities of color. According to Urban Institute data, 12 percent of Marylanders have medical debt in collections, with the number rising to 15 percent for people from communities of color. Those impacted by medical debt not only face an impeded ability to pay for basic necessities and discouragement from seeking the health care they need, but often face lawsuits and property and wage garnishments brought on by non-profit Maryland hospitals. Between 2009 and 2018, Maryland hospitals filed 145,746 medical debt lawsuits against their patients, seeking a median amount of $944 per patient and a total of $268,711,620. That amount represents just 0.18 percent of the hospitals' operating revenues, yet at least 3,278 lawsuits ended with the patients filing for bankruptcy.

All hospitals in Maryland are operated as not for profits with the obligation to provide subsidized low-cost or free medical care to low-income patients, otherwise known as charity care. As part of the state of Maryland's "all-payer system", Maryland hospitals receive funding to cover the cost of providing charity care. Yet many patients who need it do not receive free or reduced care. Sixty percent of Maryland hospitals' bad debt was owed by low-income patients who should have qualified for charity care, according to a report by the Maryland Health Services Cost Review Commission (HSCRC).

To address this problem, community advocates in Maryland passed a number of bills. The Debt Collection Bill (HB365/SB425) in March of 2020 allowed low-wage workers to protect more of their wages from garnishment. In May of 2020, advocates also passed the Hospitals - Financial Assistance Policies and Bill Collections Act (HB1420/SB875) which expanded eligibility for financial assistance policies for families at up to 500% of the federal poverty level (up from 200%). Advocates proposed legislation in 2020 to focus specifically on prohibiting certain medical debt lawsuits, but the bill died, due to both a lack of data addressing fears from the hospital association on the unknown impact on hospitals' financial health and a shortened legislative session caused by the COVID-19 pandemic.

12 PERCENT OF MARYLANDERS HAVE MEDICAL DEBT IN COLLECTIONS, WITH THE NUMBER RISING TO 15 PERCENT FOR PEOPLE FROM COMMUNITIES OF COLOR.

Efforts to pass the Medical Debt Protection Act relaunched for the 2021 legislative session and advocates came prepared with a powerful coalition, grassroots community engagement, and targeted data and messaging to protect Maryland families from aggressive hospital practices. The bill (HB 565/SB 514) was passed with bipartisan support by the state's general assembly in June of 2021. Despite the removal of some key provisions in the bill, including a ban on all lawsuits for medical bills under $1000,

the legislation provides some of the strongest protections for patients in the country including: prohibiting arrests for medical debt and liens on homes for all patients, prohibiting wage garnishments for low-income patients, and requiring hospitals to offer income-based repayment plans. Until the income-based repayment plans are in place, the bill prohibits medical debt lawsuits for all patients. It is also the first bill to require hospitals to submit an annual report on debt collection activity, broken down by demographics including race and ethnicity which is a critical step to addressing racial disparities in medical debt.

CAMPAIGN ROADMAP

Despite Maryland hospitals being obligated to provide charity care, these hospitals have destabilized patients' economic stability through suing patients over medical debt, garnishing wages, and seizing properties. This has had a disproportionate effect on patients living in low-income communities and communities of color. To address this problem, Maryland advocates began a campaign to protect patients – in particular those who qualify for free and reduced care – from the harmful impact of medical debt and they employed a diverse set of campaign strategies to do so. Influential to the advocates' success was their ability to collect data that addressed the opposition's arguments, the formation of a broad and diverse coalition, emphasis on building community power through grassroots organizing, and a multi-pronged media strategy.

It's important to understand the political environment in the state to put the campaign strategies into context. Maryland's House and Senate both held a three-fifths Democratic majority, but many Democrats in Maryland are moderate and hesitant to support any bills that bring structural change. Marylanders also strive to secure bipartisan support and while the majority of Republican legislators sided with the Maryland hospital association which was vigorously opposed to the proposed legislation, two of the bill's sponsors were Republican legislators. Fortunately, the bill had strong support from its sponsors and widespread support from community members. Campaign efforts were thus largely focused on getting the bill in a strong enough position to pass committee, therefore requiring advocates to develop a targeted strategy to address the opposition.

BUILDING A BROAD COALITION OF ADVOCACY ORGANIZATIONS AND STAKEHOLDERS.

A critical component to the advocates' success was their formation of End Medical Debt Maryland, a powerful and diverse coalition of 59 organizations, including unions, churches, and state and local community advocacy organizations representing approximately 400,000 Marylanders. End Medical Debt Maryland was started by the Maryland Consumer Rights Coalition (MCRC) and National Nurses United, and soon after, they were joined by 1199SEIU United Healthcare Workers East (1199SEIU) and Progressive Maryland. The coalition was fully formed by January 2021 and these four organizations, along with key volunteer leaders, served as its leadership team throughout the 90-day legislative session to April 2021.

Relationship-building and networking were important not only to expanding the coalition, but to increasing support from legislators. 1199SEIU tapped into their large network to bring additional labor unions to the coalition which served as an important direct connection to working Marylanders. The leadership team's relationships with a large number of 501(c)(4) organizations also expanded the coalition and helped attract interest and support from legislators who can accept endorsements from 501 (c)(4) organizations. The coalition also received some support from the Maryland Attorney General's Office and national organizations, including the National Consumer Law Center.

End Medical Debt Maryland operated at two different levels. There was a legislative advocacy team and a grassroots-mobilizing team. The legislative advocacy team was led by MCRC and was made up of experts from labor, legal services, and patients' rights organizations who critically analyzed the legislation, understood how to effectively work with legislators, and were trusted enough by legislators to get a foot in the door. The grassroots-mobilizing team was spearheaded by Progressive Maryland and focused on directly engaging community members through phone banks, story collection and fundraisers. This team relied heavily on volunteers and experienced volunteer communications staff to lead events, run social media, and connect with individuals. This "inside-outside" strategy of simultaneously ensuring legislative expertise and meaningful community engagement was incredibly effective through allowing advocates on the inside to give legislators powerful proof of the need for medical debt protections and widespread support of community members.

With the coalition membership and team structure in place, the continued effective operation of the coalition depended on strong coordination and targeting. The full coalition met bi-weekly, while the legislative advocacy team and grassroots mobilizing team each met weekly, and the leadership team met weekly to coordinate across teams and identify campaign targets. The campaign targeting strategy involved identifying districts that needed outreach or specific individuals to call and engage in the campaign. Advocates always focused on positive targeting to remind people of the issues they've stated they care about, and ask them to be a leader and stand up for patients being harmed by medical debt.

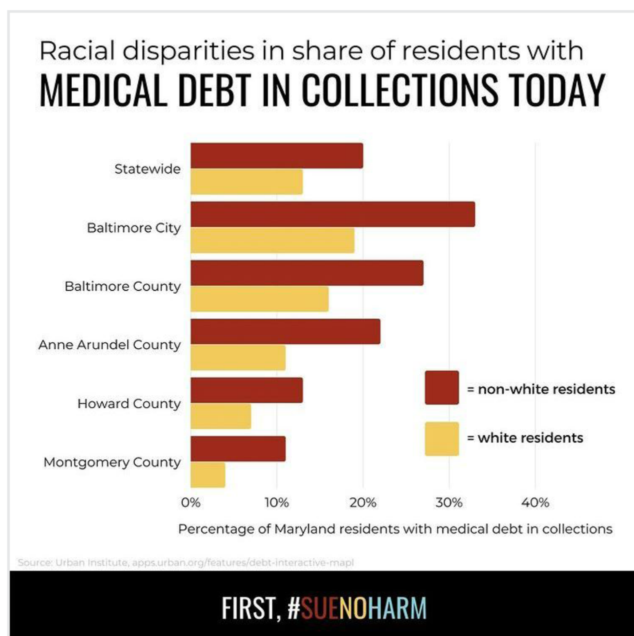
ENGAGING COMMUNITY THROUGH GRASSROOTS ORGANIZING.

Advocates tapped into their organizational networks to reach and engage community members directly impacted by medical debt. One organization that was particularly influential in grassroots organizing efforts was Progressive Maryland – a movement-building organization that works directly with individuals across the state to build community power and promote racial, social, economic, and environmental justice.

Progressive Maryland worked closely with the Democratic Socialists of America (DSA) in Maryland to lead phone banking every other week and make calls to individuals experiencing medical debt to gather stories for the campaign. Advocates utilized the collective broad network of the coalition to reach such a large portion of the community. End Medical Debt Maryland created individual and organizational sign-on forms allowing people to show their support and receive updates on the bill and action alerts. Lobbyist organizations and labor groups in the coalition promoted these action alerts, notices, and requests for stories to their networks successfully bringing in support from individuals across the state. The Maryland Consumer Rights Coalition (MCRC) also reached 500 people across Maryland who were willing to make calls to legislators to lobby for the bill.

In addition to phone banking and action alerts, advocates in the End Medical Debt Maryland coalition used other creative strategies to engage in grassroots organizing and reach community members. Advocates held a virtual campaign launch which featured stories from Marylanders who had struggled with medical debt, explanations of the Medical Debt Protection Act, and even live music from local musicians. Other events hosted by the coalition to engage and empower community included a virtual Testimony-Writing Happy Hour with experienced organizers serving as coaches and a Rally to End Medical Debt [reference in sidebar image] led by patient rights' advocates, medical providers, and Marylanders impacted by medical debt which culminated in canvassing the neighborhood around Johns Hopkins Hospital.

Advocates' grassroots organizing efforts were key to not only grounding the campaign in the lived experiences of patients affected by medical debt, but building the capacity of community members to be leaders in the campaign and take action for medical debt protection.



USING DATA COLLECTION AND ANALYSIS TO ADDRESS THE OPPOSITION.

The primary opposition to the Medical Debt Protection Act was the Maryland Hospital Association. They expressed concern that the financial protections for patients in the bill would negatively affect hospitals' financial health and their ability to remain solvent. At the same time, the association argued that these protections were unnecessary given their claim that hospitals were already doing extensive outreach to help patients secure charity care. They strongly opposed the proposed prohibition on lawsuits for debt under $1,000, arguing that they had a duty to collect on patients' debts and that it would lead to patients neglecting to pay their bill in an attempt to get away with free care for services under $1,000.

One targeted strategy employed by advocates to combat the opposition's arguments was initiating a research study conducted by health economists at Boston University. The study estimated the revenue loss per hospital as the result of a prohibition on lawsuits for amounts under $1,000. It also examined scenarios in which anywhere from five to 50 percent of patients no longer paid bills below the lawsuit threshold. Contrary to the hospital association's fears that the lawsuit prohibition would create a devastating impact on hospitals' financial situation, researchers estimated an insignificant total revenue loss per hospital of about $7,000 per year. This amount is negligible to hospitals but would prevent roughly 7,000 lawsuits per year, making a huge difference for low-income patients and patients of color who are disproportionately impacted by medical debt lawsuits.

The study also concluded that in all of a range of scenarios in which patients no longer paid bills below the lawsuit threshold, there would be just modest impacts on hospitals' total revenue. The researchers emphasized the unlikeliness that a majority of patients would stop paying bills

without the threat of lawsuit for reasons such as being excluded from non-emergency care at hospitals, facing other collection activities such as reporting to credit bureaus, and widespread belief that deliberate non-payment is morally wrong. Overall, the research study was crucial to dispelling uncredited fears that reducing medical debt lawsuits would have any tangible effect on hospitals' financial health.

Advocates also used data to address the opposition's argument that hospitals were engaged in sufficient efforts to ensure patients who needed charity care received it. The Health Services Cost Review Commission (HSCRC) issued a report, mandated by the Hospitals - Financial Assistance Policies and Bill Collections Act (HB1420), which found that 60 percent of Maryland hospitals' bad debt – services for which a hospital anticipated but did not receive payment – was owed by low-income patients who should have qualified for free or reduced care. Having this data available countered the hospital association's argument by showing that patients were slipping through the cracks and demonstrated the need for improved hospital financial assistance policies and protections for low-income patients.

> To help cope with the sadness these medical bills gave me, I created temporary tattoos of my medical bills, of various surgeries and treatments. I plastered them on my skin, showing the cost these hospitals have placed on my body. It is frightening to see a price tag on my face, but that is truly how much it costs to simply receive the care I need. This medical debt exists, and has left marks on my soul and my body.
>
> DECLAN McKENNA

EMPLOYING A MULTI-PRONGED MEDIA STRATEGY.

The media strategy for a campaign is vital to building both public and legislative support for the bill. Advocates in Maryland understood this importance and developed a multi-pronged media strategy that would simultaneously demonstrate the need for patient protections and dispel myths being articulated by the opposition.

In the Fall of 2020, the Maryland Consumer Rights Coalition conducted a poll that collected data on the number of individuals with medical debt and medical debt lawsuits which was broken down by race, gender, age, and political status. The results demonstrated a disparate impact of medical debt and medical debt-related lawsuits on Black patients, including that one in five African American Marylanders have medical debt they are unable to repay. In addition, the poll showed widespread support for key provisions that would be included in the bill. For example, 93 percent of Maryland voters believe that hospitals should institute an income-based repayment plan before sending a debt to collections, and 88 percent oppose the placement of liens on patients' cars or homes. These results were influential in helping confirm that medical debt is a bipartisan issue in Maryland, which also gave political cover to moderates and conservatives seeking to support the bill.

Another element of the media strategy was messaging on medical debt's impact during the COVID-19 pandemic. In Maryland and across the country, medical debt spiked as people lost their jobs due to COVID-19, leading not only to weakened financial stability, but often leaving them without health insurance, resulting in even greater risk of being burdened with medical debt. The coalition chair of End Medical Debt Maryland noted the disproportionate impact of medical debt during the pandemic on residents of East Baltimore, notably Black people, single mothers, and low-income essential workers. This messaging was particularly compelling when combined with stories from patients who've experienced this impact first-hand, including Nick Mostris [reference in sidebar image] who lost his family home after a lien was placed on

Why is it right for hospitals to profit off sick and dying people?

One of the hospitals filed a lawsuit to place a lien against our home that my parents worked so hard for.

I am here to fight for justice for families like my own, because this legislation would have prevented Fallston General, which is now Upper Chesapeake, from placing a lien on my parents' home.

— **NICK MOSTRIS**
Harford County resident

FIRST, #SUENOHARM

it due to outstanding medical bills from his late father. All of this information helped illustrate how hospitals' billing and collections activities continued to destabilize patients' economic stability during a public health emergency.

In combination with the collection of data and stories, advocates relied on skilled communications staff to develop fact sheets and other informational materials on medical debt's impact in Maryland. Advocates maintained a strong social media presence promoting this data, outlining critical protections in the legislation, and emphasizing broad bipartisan support for the bill. Media coverage was important as well, and advocates secured coverage during key times in the legislative session to keep the pressure on and build momentum as the bill became law.

LEGISLATIVE ACTION

The Medical Debt Protection Act (HB 565/SB 514) ultimately passed both chambers of the legislature unanimously. This bipartisan support was only achieved after lawmakers removed one of the main provisions in the bill – the ban on lawsuits for hospital bills under $1000. After that was removed and some other protections were narrowed by reducing eligibility to just those who qualify for free care, two Republican senators signed on as bill sponsors and the Maryland Hospital Association withdrew their opposition. Even with the removal of some provisions, the passage of the bill is a critical step toward protecting patients, especially those with financial hardship, from hospitals' aggressive debt collection activities.

THE ROAD TO IMPLEMENTATION

After the successful passage of the Medical Debt Protection Act, advocates are now turning their attention to the implementation of the law including reporting requirements for hospitals and guidelines for financial assistance policies to ensure hospitals comply with the enacted protections.

The bill requires that by February 1, 2023, and annually thereafter hospitals compile and submit data to the Health Services Cost Review Commission (HSCRC) on lawsuits filed, amount of bad debt, and the amount of financial assistance provided to patients disaggregated by insurance status, race and ethnicity, gender, and income. Ideally, Maryland hospitals will have uniform financial assistance policies and income-based repayment plans so that patients can have a consistent experience across providers. To work toward this goal, HSCRC will convene a workgroup including consumer rights advocates to develop guidelines for financial assistance policies. The workgroup meetings will be open to the public, and advocates hope that community members who have lived experience with medical debt will have the opportunity to provide comments on the model policies. Notably, until the guidelines are released and implemented, there is a moratorium on all legal action related

to medical debt. Advocates will monitor hospitals' new policies as they go into effect to ensure that the policies advance equity and financial stability for all patients.

LESSONS LEARNED

Two key lessons learned in the advocates' successful advancement of the Medical Debt Protection Act are gathering and disseminating research on the problem that refutes the opposition and employing an "inside-outside" strategy that prioritizes both grassroots and legislative advocacy.

Putting forward this legislation required advocates to go up against a strong opponent. The hospital association in Maryland fought intensely to oppose the bill through advancing myths about the ruinous impact on hospital's financial health and arguments that they were already helping patients in need. Advocates proactively spurred research, they collected and conducted analysis of data that would dispel these myths. They also gathered stories disproving claims that hospitals were doing enough for their patients. Advocates then disseminated this information through a variety of communications channels including social media, storytelling, and patient artwork [reference in sidebar image], effectively refuting the opposition and garnering support.

Also key to advocates' success was their formation of a powerful and diverse coalition with expertise in both legislative advocacy and grassroots engagement. This "inside-outside" strategy ensured that the legislation was driven by community-identified needs and solutions, while being backed by those with legislative expertise needed to move the bill forward. At the center of this approach was a commitment to equity, giving a voice to those who have been historically excluded from the conversation, and ultimately enacting protections for thousands of Maryland patients and families.