



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 78

PRINTER'S NO. 1675

PRIME SPONSOR: Venkat

COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
General Fund	\$0	See Fiscal Impact

SUMMARY:

This bill establishes a Medical Debt Relief Program within the Department of Health and requires the department to develop uniform forms for hospital-based financial assistance programs.

ANALYSIS:

HB78 establishes a Medical Debt Relief Program within the Department of Health for the purpose of discharging medical debt of eligible Pennsylvania residents that have an obligation to pay money for health care services provided to them and that payment obligation remains unpaid.

This legislation requires the department to competitively procure and contract with a medical debt relief coordinator to both purchase and discharge medical debt owed by eligible residents. The legislation defines eligible residents an individual who “[h]as a household income at or below 400% of the Federal poverty guidelines or has medical debt equal to 5% or more of the individual's household income.”

The contracted medical debt relief coordinator:

- Will review medical debt accounts from commercial debt collection agencies or health care providers that are willing to sell the medical debt accounts to the Commonwealth.
- May elect to buy the dischargeable medical debt from the commercial debt collection agency or health care provider.
- Notify eligible residents whose debt has been discharged under the program.
- Ensure parity and equity in the purchasing and discharging of medical debt to ensure equal opportunity for eligible residents.
- Submit to the department reporting on statistics regarding the eligible residents that have had their medical debt discharged.
- Cannot seek payment from the eligible resident for the medical debt purchased.

The department must prepare and submit an annual report that contains:

- The amount of medical debt purchased and discharged under the program.
- The number and characteristic of eligible residents who received medical debt relief.
- The number and characteristics of health care providers that had medical debt purchased and discharged.

- The number of eligible residents who have incomes at 100%, 150%, or 200% of the federal poverty level.
- The number and characteristics of medical debt relief coordinators contracted and their characteristics.

In addition to the medical debt relief program, HB78 requires the department to develop uniform forms to be used by all hospitals for their hospital-based financial assistance programs. These forms include:

- Uniform application
- Uniform template for hospitals to summarize their eligibility criteria.
- Uniform statement of the availability of the hospital-based financial assistance and of the application for that assistance.

Hospitals must determine income for eligible residents based on the federal requirements for determining Modified Adjusted Gross Income.

The Department of Human Services must explore a process that would connect the uniform application to the electronic eligibility system to consider a resident's eligibility for a public health coverage option.

Upon submission of the application for hospital-based financial assistance, the patient is not liable for any bills until the hospital has rendered a decision on the application.

Any medical debt and corresponding interest discharged under the Medical Debt Relief Program will not be considered income for the personal income tax under the Tax Reform Code of 1971.

This legislation will take effect immediately.

FISCAL IMPACT:

The Department of Health will likely have increased personnel and operating costs to procure and manage the Medical Debt Relief Coordinator contract and to develop the forms for the hospital-based financial assistance program. However, the current appropriations for the department should be sufficient to cover any increase in the personnel or operating costs associated with this bill.

The bill does not contain any appropriations to provide funding for Medical Debt Relief Program or for the contracted Coordinator to purchase outstanding medical debt. The General Assembly would need to appropriate resources separately for the program.

PREPARED BY: Mara Perez

House Appropriations Committee (D)

DATE: June 26, 2023

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.