



For Immediate Release
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**MADIGAN PROPOSES TWO BILLS TO HOLD HOSPITALS
ACCOUNTABLE FOR CHARITY CARE, STOP UNFAIR BILLING
AND COLLECTION PRACTICES**

Chicago – Attorney General Lisa Madigan today proposed two pieces of legislation that, if passed into law, would significantly improve the way hospitals do business in Illinois. These laws will benefit financially needy uninsured patients and consumers harassed by overly aggressive hospital billing and debt collection practices.

Speaking at a noon news conference at a free medical clinic in Chicago, Madigan said the Tax-Exempt Hospital Responsibility Act will ensure that hospitals taking advantage of very lucrative tax-exemptions earn that privilege by investing at least eight percent of total operating costs in care for uninsured or poor patients.

The companion legislation, the Hospital Fair Billing and Collection Practices Act, will require all tax-exempt and for-profit Illinois hospitals to avoid unfairly aggressive and harassing tactics when seeking payment from patients.

“Hospitals that benefit from huge tax breaks have an obligation to give back to the community. Right now, hospitals that receive entire loaves of bread for free are handing out crumbs when it comes to providing health care to some of the most vulnerable Illinoisans. It is clear that we must create standards and hold hospitals accountable to fulfill their charity care responsibilities,” Madigan said.

Madigan continued, “Every day, the attorneys and mediators in my office’s Health Care Bureau respond to calls from consumers struggling to deal with confusing hospital bills and unfairly aggressive collection tactics by the hospitals and debt collectors. At a time when millions of families in America are going bankrupt because of medical bills, we must demand basic fairness in hospital billing and collection practices.”

Currently, most Illinois hospitals are non-profit, tax-exempt organizations. They receive substantial financial benefits from tax-exempt status – through income, property and sales tax-exemptions, and through the ability to finance capital projects with tax-exempt bonds.

In exchange for these enormous tax benefits, Illinois law requires that the hospitals provide charity care. Yet, despite the tax benefits they receive, tax-exempt hospitals deliver little in the way of charity care. In 2003, the average,

non-government tax-exempt hospital in Illinois spent less than one percent of hospital charges on charity care.

At the same time, the need for access to charity care among the uninsured working poor in Illinois is increasing. Currently, there are over 1.8 million uninsured individuals in Illinois.

The Tax-Exempt Hospital Responsibility Act will require that each hospital:

- implement a charity care policy guaranteeing poor uninsured individuals free or deeply discounted care; and
- deliver a minimum total annual amount of charity care, calculated as eight percent of hospital operating costs.

In proposing the Hospital Fair Billing and Collection Practices Act, Madigan said Illinois hospital patients increasingly have been subjected to highly aggressive billing and collection practices. This bill will require all licensed hospitals to adopt responsible practices when seeking to collect debt from Illinois consumers.

While her office's Health Care Bureau receives thousands of health care-related consumer complaints each year, the greatest number of these complaints involves billing errors, claims processing and payment problems. Madigan noted that the information collected by her office indicates that insured and uninsured consumers from all walks of life experience problems with hospital billing and collection tactics. In far too many cases, hospital bills lead to financial hardship and bankruptcy. In 2001, approximately two million people nationally, and over 110,000 in Illinois alone, were in medically bankrupt families.

The Hospital Fair Billing and Collection Practices Act would introduce a variety of protections to assure that Illinois consumers are not subjected to unfair hospital billing and collection practices. Among many other protections provided in this Act, patients would be given explicit rights to inquire about or dispute a bill. Additionally, hospital governing boards would be required to adopt fair billing and collection policies, and would be required to approve any post-judgment collection action such as wage garnishment or liens on property.

“Every family in Illinois faces the risk of a health care crisis and the resulting enormous bills,” Madigan said. “The charity care bill I have proposed is simple: if you get the massive benefits of tax exemption, give a little back by providing care to the most vulnerable citizens. As far as hospital billing and collection practices, it's time to create clear guidelines and demand that hospitals treat consumers fairly when collecting these bills.”

State Rep. George Scully will introduce the Tax-Exempt Hospital Responsibility Act. State Sen. Jeff Schoenberg will sponsor the bill in the Senate. State Rep. Karen May will introduce the Fair Hospital Billing and Collection Practices Act. State Sen. Kwame Raoul will introduce the legislation in the Senate. Madigan was expected to be joined at the news conference by all four legislators, in addition to State Rep. Mary Flowers, who is the chair of the House Health Care Availability and Access Committee.

The legislation is supported by a number of organizations, including the Service Employees International Union and the American Federation of State, County and Municipal Employees.

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