



April 8, 2009

St. Vincent ending use of bill collectors

*By Daniel Lee
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St. Vincent Health — which in recent months has come under scrutiny for the level in charity care it provided in return for its tax-exempt status — said it is ending a long-standing policy of turning patients behind on their medical bills over to a collections agency.

The move could affect about 35,000 patients with current outstanding balances totaling about \$70 million at St. Vincent's 17 Indiana hospitals. Previously, St. Vincent's had turned patients over to collections after their bills were 120 days past due.

Indianapolis-based St. Vincent Health, which is part of Catholic hospital giant Ascension Health, also said it no longer is charging interest on debt or reporting patients behind on payments to credit-reporting agencies.

Instead, St. Vincent Health Chief Executive Officer Vince Caponi said the hospital system is contacting patients with debt to implement new payment plans that do not include the threat of damaged credit or garnished wages.

"We've tried to look at how we interact with our patients and our families," Caponi said. He added that the change was an attempt to "deal more passionately around their economic realities."

The new payment plans range from two to 72 months, and are based on a patient's income and their existing balances. The average plan is 12 to 18 months.

Caponi said he expected St. Vincent to write off more of those outstanding balances as charity care, and less as uncollected "bad" debt. He added that in rare cases, the hospital could still use collections to go after patients if it's determined they have the means to pay their bills.

The change in course comes as patients, even those with health insurance, increasingly are struggling to pay for care amid the economic downturn and rising health care costs.

"It's my understanding that across the city and across the state that there are more uninsured patients who need care and more people who have lost their jobs," said Matthew Gutwein, CEO of the Health and Hospital Corporation of Marion County, which operates Wishard Health Services.

"We are essentially full all the time," Gutwein said of Wishard Memorial Hospital, Central Indiana's top provider of indigent care. "We're getting more stress on our system."

St. Vincent's new patient-payment policy — which quietly began in January — comes just weeks after the hospital came under scrutiny for the low level of charity care when compared to its operating margin or overall revenue.

In December, the Star reported that St. Vincent's flagship hospital, located along 86th Street, and its suburban Carmel hospital significantly lagged Wishard Health Services and Clarian Health when it came to treating indigent people.

St. Vincent Indianapolis and Carmel hospitals performed \$12.4 million in charity care in fiscal 2006, according to a Star report. That compared with \$149.1 million in free care at Wishard and \$44.6 at Clarian.

Caponi, though, said St. Vincent's mission as a religious, tax-exempt nonprofit institution to serve the needy has not changed or wavered and that the change in policy is an effort to full that mission.

"That has always been a core of what we've tried to do," he said.

However, when asked about charity care, he added, "It's certainly a lot more under public scrutiny that it's ever been before. ... We're in unprecedented times, and when you're in unprecedented times, there's even more zeal."

Many patients with past-due medical bills, however, are not among the ranks of the indigent. Many consumers who have health coverage still face thousands of dollars a year in out-of-pocket medical costs from high deductibles or other limitations in coverage.

And those who are uninsured often are charged the most for care because they do not receive the often-deep discounts negotiated by insurance companies.

Even with the threat of a collections agency, hospitals typically collect just 10 cents or so on the dollar of debt from patients.

Caponi said he thought that most patients want to pay their bills within their ability to do so. He said the new payment plan is designed to reach out to patients sooner to set up a plan or, if their eligible, get them enrolled in government programs such as Medicaid.

"Our biggest concern is that if we don't do this, patients will continue to put off needed health care," Caponi said.

St. Vincent said that from July 2008 to January 2009 — before the policy change — the hospital system set up payment plans for patients with debt totaling about \$176,000 a month in payments. This March, the expanded plan will garner about \$1.6 million a month in payments.

Additional Facts

Tell us your story.

Have you been a patient at St. Vincent's or another major hospital turned over to collections? We want to hear your story. Contact Star reporter Daniel Lee at (317) 444-6311 or daniel.lee@indystar.com.



April 9, 2009

St. Vincent Health revamps its payment policy

Collections agencies are out, and payment plans are in

*By Daniel Lee
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St. Vincent Health is ending a long-standing policy of turning over accounts of patients who are behind on their bills to an outside collection agency.

The move could affect an estimated 35,000 patients with outstanding balances totaling about \$70 million at St. Vincent's 17 Indiana hospitals. Previously, St. Vincent had turned over the accounts after the patients' bills were 120 days past due.

Indianapolis-based St. Vincent Health, which is part of Catholic hospital giant Ascension Health, also said it no longer is charging interest on debt or reporting patients behind on payments to credit-reporting agencies.

Instead, St. Vincent Health CEO Vince Caponi said the hospital system is contacting patients with delinquent hospital bills to draft new payment plans that do not include the threat of damaged credit or garnisheed wages.

"We've tried to look at how we interact with our patients and our families," Caponi said.

He added that the change is an attempt to deal more compassionately with patients' economic situations.

The new payment plans are based on a patient's income and existing balances.

Caponi said he expects St. Vincent to write off more outstanding balances as charity care and less as bad debt. In rare cases, the hospital still could use collections or other legal means to go after patients St. Vincent determines have the ability to pay, he said.

St. Vincent's new patient payment policy -- which began quietly in January -- started just weeks after the hospital came under scrutiny for the low level of charity care it provides compared with its overall revenue.

In December, The Indianapolis Star reported that St. Vincent's flagship hospital, located along 86th Street, and its suburban Carmel hospital significantly lagged Wishard Health Services and Clarian Health when it came to uncompensated care to poor people.

St. Vincent's Indianapolis and Carmel hospitals performed \$12.4 million in charity care in fiscal 2006, according to The Star's report. That compared with \$149.1 million in charity care at Wishard and \$44.6 million at Clarian.

Nonprofit hospitals are required to provide community benefit, which can include charity care of the indigent, in return for their tax-exempt status.

Struggling to pay

St. Vincent's policy change comes as patients, even those with health insurance, increasingly are struggling to pay for care.

Clarian, Wishard, Community Health Network, and St. Francis Hospital and Health Centers all use collection agencies for some patients with outstanding debt. The hospitals also provide discounts to the uninsured, but the uninsured do not receive the deeper discounts negotiated by insurance companies.

"It's my understanding that across the city and across the state, there are more uninsured patients who need care and more people who have lost their jobs," said Matthew Gutwein, CEO of the Marion County Health and Hospital Corp., which operates Wishard Health Services.

"We are essentially full all the time," Gutwein said of Wishard Memorial Hospital, Central Indiana's top provider of indigent care. "We're getting more stress on our system."

A report issued last month by Washington-based advocacy group Families USA found that 1.6 million Hoosiers were uninsured at some point during 2007 and 2008.

Many other patients with past-due medical bills have insurance with limited benefits and face thousands of dollars a year in out-of-pocket costs.

Gary Gaunnac, Brownsburg, owed nearly \$3,000 after his son had a heart cauterization performed at the St. Vincent Heart Center of Indiana, a for-profit hospital controlled by St. Vincent Health.

Gaunnac said the family had planned to have the procedure performed at St. Vincent Indianapolis but switched to the Heart Center at the urging of the medical receptionist.

However, the St. Vincent Heart Center was out-of-network in Gaunnac's insurance plan, resulting in the charge.

"We still owe nearly \$900 and Med-1 (collection agency) has been the collector," Gaunnac wrote in an e-mail.

Indianapolis bankruptcy attorney Mark Zuckerberg said many clients struggling with medical debt go to him after their wages are garnished to pay hospital bills.

Chris Holmes, an Indianapolis bankruptcy attorney with Tom Scott and Associates, said Indiana law allows one creditor at a time to garnish up to 25 percent of a person's take-home pay.

Holmes added that most of the cases he sees from patients of St. Vincent's and other local hospitals involve debts from a few hundred dollars to about \$10,000.

Even with the threat of a collection agency, hospitals typically recover only pennies on the dollar of debt owed by patients.

A financial success

St. Vincent Indianapolis in recent years has been one of the region's most financially successful hospitals. For its fiscal year ending in June 2007, according to Internal Revenue Service filings, the hospital reported a revenue surplus of \$162.04 million on total revenue of \$859.68 million -- a profit margin of nearly 19 percent. Nonprofit hospitals typically are considered financially healthy with a margin of 5 percent to 6 percent.

That same year, St. Vincent Indianapolis reported \$11.99 million in charity care, part of its total

community benefit of \$67.78 million, according to the IRS filing detailing its justification for tax-exempt status.

St. Vincent's mission as a religious, tax-exempt nonprofit institution to serve the needy has not changed, and the change in policy is an effort to better fulfill that mission, Caponi said.

However, when asked about charity care, he added, "It's certainly a lot more under public scrutiny than it's ever been before. . . . We're in unprecedented times, and when you're in unprecedented times, there's even more zeal."

St. Vincent said that from July 2008 to January 2009 -- before the policy change -- the hospital system set up payment plans for patients, and they totaled about \$176,000 a month. As of March, monthly payments totaled \$1.6 million.

Caponi said the new policy is designed to reach out to patients sooner to set up plans or, if they're eligible, get them enrolled in government programs such as Medicaid.

"Our biggest concern is that if we don't do this, patients will continue to put off needed health care."

Additional Facts

FOR MORE INFORMATION

St. Vincent patients with outstanding debts may call (800) 582-8258 from 8 a.m. to 4:30 p.m. for information on the new payment plan.

St. Vincent facilities are located in Indianapolis, Carmel, Kokomo, Brazil, Frankfort, North Vernon, Elwood, Winchester, Williamsport, Anderson and Lafayette.
