

# Patients Eligible for Financial Assistance with Hospital Bills

## Need a Fairer Discount Schedule



New York’s hospital financial assistance law is supposed to protect patients who are paying directly for care from unaffordable bills. **However, the current sliding scale for billing these patients is inadequate.**

The current scale leaves some patients responsible for the same high prices that private insurance companies pay and allows for charges that amount to very high proportions of patients’ annual income.

**Table 1. Current Law**

Income (Percent of Federal Poverty Level)	Minimum Charge	Maximum Charge
100% or less	Zero	Nominal fees
101 – 150%	Nominal fees set by the Department of Health	20% of the highest rate between the hospital’s highest volume private payer, Medicare, or Medicaid
151 – 250%	20% of the highest rate between the hospital’s highest volume private payer, Medicare, or Medicaid	100% of the highest rate between the hospital’s highest volume private payer, Medicare, or Medicaid
251 – 300%	Not specified	100% of the highest rate between the hospital’s highest volume private payer, Medicare, or Medicaid

**The Ounce of Prevention Act (A6027/S1366)** would simplify the discount schedule so that all fees are based on Medicare. In national studies, private insurance rates are 189 percent of Medicare rates.<sup>1</sup>



## Example: Julia's Appendectomy



#ENDMEDICALDEBT

35-year-old Julia,\* a single mother, makes \$45,300 a year as a home health aide in the Bronx, New York. She pays for private insurance.

Julia rushed to the hospital with a high fever and a sharp pain in her stomach. She was diagnosed with appendicitis, a common, unavoidable illness that requires emergency surgery. The charge for Julia's appendectomy was \$41,000,<sup>2</sup> the most common commercial charge for these patients in 2021. Table 2 shows what Julia would need to pay under the current law.

**Table 2. Charges Under Current Law for an Appendectomy**

Income Band	Income for a Family of Four	Allowed Charges	% of Household Income
0 – 100%	\$0 - \$30,000	\$150 (Nominal fee)	Nominal
101 – 150%	\$30,300 - \$45,000	\$8,200	Up to 27%
151 – 250%	\$45,300 - \$75,000	\$8,200 - \$41,000	Up to 91%
251 – 300%	\$75,300 - \$90,000	Not more than \$41,000	Up to 54%

Under this system, Julia could be asked to pay up to **\$41,000** for surgery – nearly all of her yearly income. She would need to choose between paying her medical bill and her mortgage, food for her family, and more.

If the **Ounce of Prevention Act** is enacted, the discount schedule would be based on the Medicare rate, an estimated **\$23,380**. The eligibility thresholds would be higher and simpler, to match eligibility for other health care assistance in New York such as premium subsidies. People in the highest income bracket would pay at most 100 percent of the Medicare rate, those in the middle 20 percent, and those with the lowest incomes would pay the nominal fees.

**Table 3. Ounce of Prevention Act (A6027/S1366)**

Income Band	Income for a Family of Four	Maximum Charge	% of Household Income
Below 200%	Up to \$60,000	\$150 (Nominal fee)	Nominal
200 – 400%	\$61,000 – 120,000	\$4,676	8% to 4%
400 – 600%	\$121,000 - \$180,000	\$23,380	19% to 13%

Under this discount schedule, Julia would pay just **\$150**, the nominal fee for an inpatient visit. The most an eligible household could be asked to pay is 19 percent of their income. This is still significant but is far more financially survivable than 54 percent or 91 percent.

1. Lopez et al., "How Much More Than Medicare Do Private Insurers Pay? A Review of the Literature," Kaiser Family Foundation, April 15, 2020, <https://www.kff.org/medicare/issue-brief/how-much-more-than-medicare-do-private-insurers-pay-a-review-of-the-literature/>.

2. Hospital Inpatient Discharges (SPARCS De-Identified): 2021, available at <https://health.data.ny.gov/Health/Hospital-Inpatient-Discharges-SPARCS-De-Identified/tg3i-cinn>.

\*This is a fictional example based on de-identified discharge data.