



Neighborhood Legal Services
of Los Angeles County

Dealing with Medical Debt

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LA Law Library

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Health Consumer Center

www.nlsla.org

Presentation Overview

1. Intro to HCC
2. What is Medical Debt
3. Who is Responsible
4. Before Receiving Medical Services
5. Addressing Medical Debt in Different Stages
6. Case Referral

Health Consumer Center

Who We Are



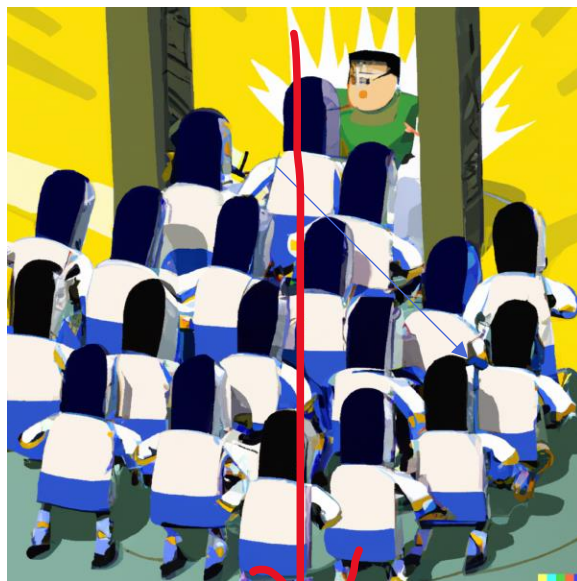
- Part of the Neighborhood Legal Services of LA County
- Help Line for LA County residents
- **Free** legal services
- Questions or problems with health insurance
- Medical debt defense

Resolving Medical Debt

A Visual



Consumer



Resolution of
Medical Debt



What is Medical Debt

Definition and Causes

Definition: Amount owed after* receiving medical services or goods



UNINSURED

- Coverage gaps
- Forgo insurance



UNDERINSURED

- Unexpected needs
- Cheapest plan
- High deductibles & cost-sharing



FULLY INSURED

- Billing errors
- Plan denials
- Out-of-network
- Cost sharing
- Excluded services, products, and fees

Addressing Medical Debt in Different Stages



Billing



Collections



Lawsuit



Post-Judgement

Assessing Liability

Legally Responsible Parties



Who received the service
Legally responsible relatives
Financial agreement
Potential payors



Potential Payors

Third Parties

- Medical, vision, dental plan
 - Medicare, Medi-Cal, CCA
- Auto insurance
- Worker's compensation
- Property insurance
- Victims of violent crime
- Other tortfeasor

Potential Complications

Multiple insurance
Assignment of rights
Medicare Set Aside
Medi-Cal liability and recovery

Disputing the Debt On the Record

Advocacy Tips



Dispute Early and On the Record

- Letter to provider
- Chargeback
- Plan appeal
- Dispute with credit reporting agency

Disputing Hospital & ER Bills

Health Care Debt and Fair Billing Act of 2021

New Consumer Protections

- Hospitals must screen and offer financial assistance to HH \leq 400% FPL
- No credit reporting or lawsuit until **180 days** after initial billing & screening for public health insurance eligibility
- HCAI enforcement authority on **1/1/2024**

Advocacy Tips

- **Apply** for hospital financial assistance even if you don't think you'd qualify
- **Negotiate** what you can afford, not what the hospital wants you to pay
- **Appeal** to the Chief Financial Officer
- **Tell** a reporter your story (<https://khn.org/news/tag/bill-of-the-month/>)

Case Study: Billing

Alejandro went to a hospital for knee surgery. Before the surgery, he confirmed with the health plan, the hospital, and the surgeon to make sure the surgery is approved by the health plan. He also confirmed that the hospital and the surgeon are in-network.

A month after the surgery, he receives a bill from an anesthesiologist.

- What happened?
- What can he do?

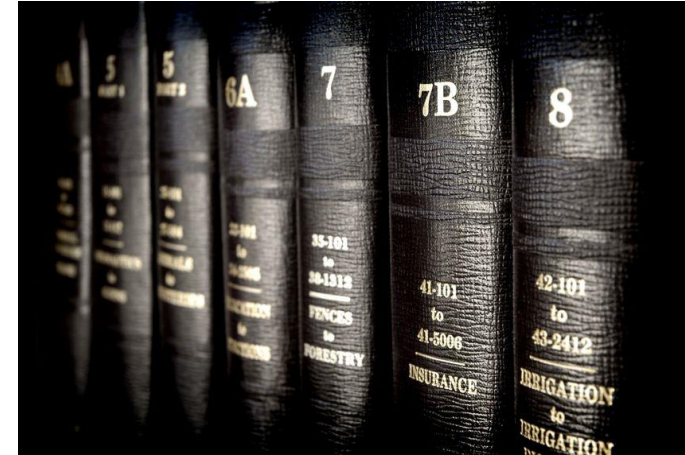


Surprise Billing

Consumer Protections

California AB 72

- Pay in-network cost share
- Grievance/complaint
- Remove patient from dispute



Federal No Surprise Act

- Include ERISA, self-funded plans
- Estimate of potential costs for care
- Patient-provider dispute resolution (actual bill \$400 more than estimate)

Surprise Billing: Alejandro's Options

Step 1: File a complaint with his health plan

Step 2: Escalate the complaint

Advocacy Tips: Which protections apply?

- AB 72
- Federal No Surprise Act
- Medi-Cal and Medicare rules



Collections

Credit Reporting Changes

Paid medical debt excluded from Equifax, Experian and TransUnion [7/1/2022](#)

Unpaid medical debt < \$500 excluded [7/1/2023](#)

Advocacy Tips

- Dispute reporting errors w/credit reporting agencies
- Escalate to CFPB
- Demand removal of reporting w/Protected Health Info

Collections

Fair Debt Collection

Restrictions on Behaviors

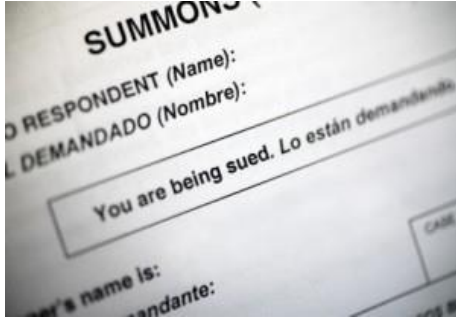
- When collectors can call, where they can call, who they can call
- No threats (e.g., immigration status, prison, arrest)
- No offensive language, harassing behavior
- No pretense (pretending to be an attorney, sending a friends request on social media w/o disclosing their employer)
- Must disclose when a debt is time-barred

Advocacy Tips

- IMPORTANT: Making a payment extends the deadline for filing a lawsuit
- Don't overshare on social media and accept friend requests from strangers
- Make debt collectors prove the debt is valid and their right to collect

Lawsuit

You Got Sued: Now What?



- ☐ Talk to lawyer right away
- ☐ Show a copy of Summons & Complaint
 - When and how you were served
 - Why you should not have to pay
 - Any proof and witnesses
- ☐ Timely respond to lawsuit (highly recommended)
- ☐ Apply for hospital financial assistance (if applicable)
- ☐ Serve and respond to discovery
- ☐ Negotiate
- ☐ Trial
- ☐ Post-trial discovery, negotiation

Post Judgment



Wage garnishment*, levy of assets, home liens
Claims of Exemption (SSI, Social Security, pension)
Interest
Judgment renewal

Tips

- Don't try to hide income or assets from judgment creditors
- Talk to a lawyer about exemptions, grounds for vacating judgment
- Not too late to negotiate
- May apply for hospital financial assistance (ask a lawyer)

Tips for Tackling Medical Bills



- **Don't rush to pay medical bills**
 - 180 day hold on credit reporting
 - Apply for retroactive Medi-Cal
 - Apply for hospital/ER financial assistance
 - File a plan grievance or appeal
 - Request a refund or credit for services or products not received
 - Timely dispute billing errors in writing
 - Negotiate for what you can afford
 - Making a payment extends the time limit to bring a lawsuit
- **Avoid taking out a loan or using a credit card to pay**
- **Can negotiate at any stage, even post-judgment**

Medical Debt: Widow of Insured Patient

Rosa was sued by a nursing home for late husband's debt for nearly **\$80,000**. On the dates of service, he had Medicare, Medigap, and a Medi-Cal application pending.

- Health Consumer Center (HCC) helped her respond to the lawsuit.
- With our assistance she only paid husband's Medi-Cal Share of Cost.
- She paid **< 5%** of the amount asked in the lawsuit. Medi-Cal paid the rest.



Working but Underinsured

Carlos and Dayana, a married couple was sued by a debt collector for nearly **\$15,000 in hospital bills. Carlos had employer group insurance on the date of service, but he could not afford the high deductible. Dayana was uninsured on the date of service.**

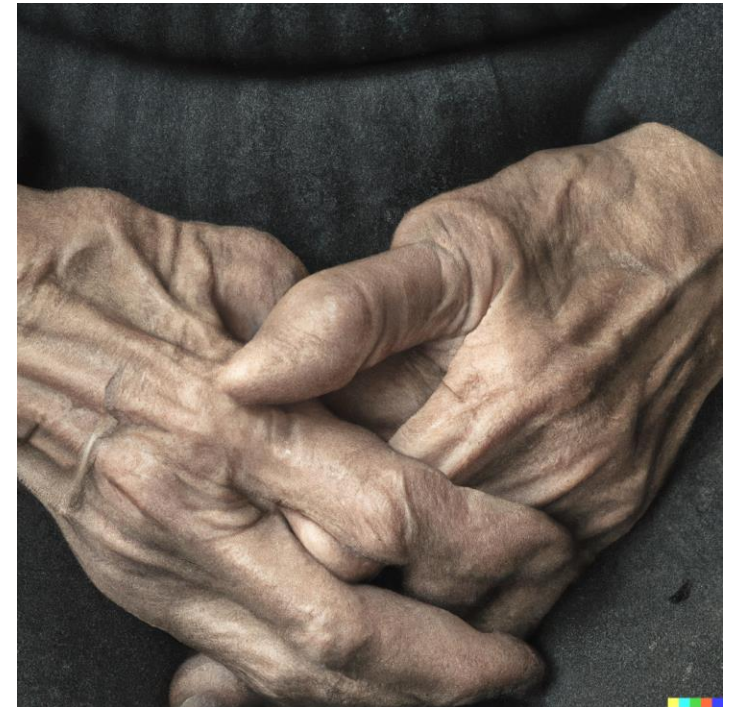
- HCC helped the couple respond to the lawsuit.
- They applied for Financial Assistance.
- Dayana received 100% charity care and Carlos received partial charity care.
- Remaining debt **< 3%** of the amount asked in the lawsuit.



Medical Financing

Althia received dental treatment. She agreed to apply for a credit card to pay for treatment. For several years, she paid on time. In September 2019, she lost her job and could no longer afford to pay. She could not find another job due to her age and deteriorating health. The credit card company sold the account to a debt buyer, who sued her for nearly **\$2,200.**

- HCC helped her respond to the lawsuit.
- HCC told debt buyer Althia was indigent and had no asset that could be levied.
- The debt buyer dismissed the case.
- Althia paid **\$0**.



Credit Card Debt

In May 2020 Xin went to the ER after experiencing angina symptoms. The hospital staff told him to pay a **\$10,000** deposit until his insurance paid up because it is an out-of-network facility. He charged it to his personal credit card. The Medicare Advantage Plan paid a little over \$4,000 for ER services but refused to pay the rest of the bill. The credit card company sued him for nonpayment.

- HCC helped him respond to the lawsuit.
- HCC successfully advocated for return of payment.
- The credit card company dismissed the case.
- Xin paid **\$0** out-of-pocket.



Referral

(1) **Phone:** 1-800-896-3202

Mondays through Fridays 9 AM-5 PM

(2) **Email:** hccreferral@nlsia.org

(3) **Online:** <https://nlsia.org/services/help/>

Stop the Hate Program

- Hate crimes and incidents = crimes or actions motivated by real or perceived protected characteristic (ex: race/ethnicity, gender, sexual orientation)
- Direct services for victims and survivors (and their families) of hate crime incidents
 - Legal services, case management, intervention services (outreach)
- Email: stopthehate@nlsia.org
- Call (626) 307-3664 or (626) 307-3643

Questions?

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