



Children, Families, Health, and Human Services Interim Committee

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60th Montana Legislature

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August 13, 2008

MEMO

TO: Children, Families, Health, and Human Services Committee Members
FROM: Pat Murdo, staff for SJR 15 study
RE: Lending and Collection Practices at Montana's Largest Hospitals

At the request of Rep. Diane Sands, staff contacted Montana's largest hospitals to determine if any of the hospitals encouraged patients to take out a credit card associated with the hospital or used other forms of lending that either may impede a patient's access to charity care or increase the potential that a patient ends up in greater debt than if the patient had taken out some form of fixed-rate loan. The inquiry related to a July 2008 *Consumer Reports* article, "Overdose of debt".

Findings:

No Montana hospital of the 11 contacted offers its own credit card arrangement to patients.

Some hospitals associate with or recommend specific banks for outside loans. These are:

- Billings Clinic and First Interstate Bank
- St. James Healthcare and First Citizens Bank
- St. Patrick Hospital and Health Sciences Center and First Interstate Bank
- St. Vincent Healthcare and Western Security Bank

Two hospitals work with management companies:

- Benefis Healthcare
- Kalispell Regional Medical Center

All hospitals have some arrangements that extend payments over a period for certain cases at no interest. Two hospitals specify differences between outpatient and inpatient arrangements: Community Medical Center, which extends payments for up to 24 months for outpatient services, and Bozeman Deaconess Health Services, which extends payments for 90 days for outpatients and up to 12 months with a \$100 minimum charge for inpatients.

Six hospitals provide up to 12 months at 0% interest. The rest range between 90 days (for St. Peter's Hospital) up to 6 months. Benefis provides 0% interest for between 90 and 120 days and potentially longer on a case by case basis.

Most of the information on the table was included in the original questionnaire sent by the Attorney General's office to hospitals for the AG report on hospitals' use of charity care. The information was not in the final report issued in 2007. However, the question is being asked for the next iteration of that report. The final column was developed to show what types of information hospitals provide on their websites regarding the patient's financial responsibility and information about charity care.

A search to find out if other states are regulating so-called predatory lending or the use by hospitals of in-house potentially high interest credit cards for medical services did not yield any current legislation.