Good morning, Chair Schmidt, Vice Chair Deeter, Ranking Member Somani and members of the House Health Committee. My name is Chris Murphy. I have been working in hospital finances since 2003. First working on behalf of insurance companies auditing high dollar claims submitted by hospitals, then working for hospitals to find voluntary resolutions to outstanding patient balances with both insurance companies, state providers, and patients.

After attending law school, I began working alongside hospitals and collection agencies to resolve patient balances both before and after litigation. Today, I work with physicians, dentists, and other professionals, including three critical access hospitals across the State of Ohio.

I have reviewed House Bill No. 257, titled the Ohio Medical Debt Fairness Act, and met with sponsors, Chair Schimidt and Representative Grim, to share some of my concerns. To the extent this bill is about medical debt fairness, my question is simply, fair to who?

HB No. 257 seeks to accomplish three things. First, H.B. 257 seeks to limit the rate of post judgment interest on medical debt. Second, H.B. 257 prohibits the reporting of medical debt to a consumer reporting agency, and finally, H.B. 257 prohibits providers from filing a garnishment of personal earnings for "medical debt."[1] Passing the bill, as written, is going to create several foreseeable consequences and make changes to the delivery of medical care in ways that will hurt the public.

The Anecdotal Stories Shared in Office

Despite what the bill sponsors are choosing to believe – the anecdotal stories shared in their offices as the need for this bill, do not mesh with practical reality. One shared a story about a constituent who receives disability income and is worried about whether she'll keep her home. A wage garnishment can't touch disability income or social security. Ohio has a homestead exemption. H.B. 257 is unnecessary to protect this person.

There was a story about a constituent who was working an hourly job, just an estimated 15 hours a week, similarly, there is a threshold of how much money an employee is permitted to keep. Most likely, this person's income is already protected and H.B. 257 is unnecessary to protect this person.

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[1] "Medical debt" as defined by HB 257 as "an obligation of a consumer to pay an amount for the receipt of health care services, products, or devices including hospital, surgical, and medical expenses . . . ." See, HB No. 257, as Introduced, p. 12, Lines 322-325.

Another shared anecdote was about a constituent being arrested for a medical bill. The United States has largely done away with debtors' prisons – at least in the 15 years of practicing law and 22 years working alongside the collections industry, I have never – ever – personally seen someone hauled to jail for not paying a bill. Usually that is a discretionary remedy for only a judge to decide and it is only after a finding of direct contempt of court. Such finding can usually only be made in the face of a person committing contempt physically in front of the court, or after proof of actual service on the individual and an opportunity for hearing.

When I attempted to talk about my experiences or knowledge not matching these anecdotes, it was met with being told "we will agree to disagree".

Definition of Medical Debt

The definition of "medical debt" as written in H.B. 257 is too broad. This definition would include any person, store, facility, entity, supplier, system, clinic, doctor, nurse practitioner, anesthesia, providing anything from as simple as a band aid, hearing aids, toenail clippers, orthotics, medicine, sleep apnea machines, filling a cavity and braces, to providing emergent services in a crisis.

Interest

In my 22 years of experience in hospital finances, I have not known of a single instance where a hospital provider is charging interest on its services. Interest cannot be assessed on a medical bill without a written agreement, signed by the consumer, and a stated interest rate. The interest that HB 257 is limiting is the amount of post judgment interest that may accrue on a judgment. The post judgment interest is remedy provided for by Ohio law and is available to everyone.

Statutory post judgment interest is something all Ohioans are entitled to after the adjudication of all legal and factual issues. The interest is to compensate an aggrieved party, and make it whole, and compensate them fairly for the period of time it takes for a judgment to be paid by a defendant.

Health care providers do not set the post judgment interest rate. Statutory interest rates are set by the Ohio Tax Commissioner on October 15th of each year and it is a formula.[2] The formula is simple, the tax commissioner takes the federal short-term interest rate and adds 3%. Since 1983, the rates have varied with the strength of the economy. It is worth noting that post judgment interest rates were between 3% – 5 % from 2009 until 2023. In 2024, post judgment interest rose to 8% and it is still at 8%.

[2] See. R.C. 5703.47.

Again, these rates adjust with the strength of the economy and are intended to offset the devaluation of money that occurs with time and inflation.

Garnishment

Garnishment is the only real mechanism that a service provider has to compel payment of a judgment. Without it, an aggrieved party would hold a judgment but have no practical means to collect the balance the court declared to be legally due and owing. **A wage garnishment doesn't just come out of nowhere**. No, it's after going to a service provider, receiving a bill from the provider, likely receiving another bill from the provider. The provider then waiting approximately 120+ days before placing the balance with a collection agency, the agency then would spend another 120+ days working the account and evaluating whether or not legal action would be worth it. All the while reaching out to the consumer to encourage a voluntary resolution.

Practically speaking, we are now 240-days past the date of service. Then we file a lawsuit, wait a minimum of 28-40 more days for the service period to run. If the consumer disputes the balance in court, the case can drag on for years. The point is, the patient has had numerous attempts to resolve the balance. Literally, a 15-day notice of garnishment is sent to the consumer providing the consumer with 4 choices to avoid the garnishment. It is only those matters where a consumer does not respond that a wage garnishment is filed.

Garnishment is our last resort, but it is the only legal mechanism we have to make a consumer pay his or her bill.

Practical Effects

The practical effects of this law will sink in quickly. Service providers will have to change their business model to deposit for service. Indeed, that is something the Cleveland Clinic just did this past summer and it was HUGELY unpopular. So unpopular it immediately reversed course within a week.

When I pointed this out to Rep. Schmidt she indicated *another law will be coming.* What's the goal here? On some level that's an appropriate question, right? We saw the Big Beautiful Bill cut over $1 trillion from Medicaid. Those services to the poor will still happen at some level and providers will likely be forced to eat the costs. We have successfully moved for 15 years to establish healthcare for the poor and working class that does not rely on the Emergency Department as the primary place of service. Ripping this coverage away from the poor will now force doctors who were accepting these Medicaid payments to just refuse service.

The only way forward for providers will be deposit for services. Yes, non-profit hospitals who accept Medicare will still be required to honor EMTALA.[3] But EMTALA is not a guarantee to treatment. No, all that EMTALA requires is a medical screening exam to check for an emergency medical condition to see if you have one; then if you do have an emergency medical condition, you will receive treatment until stabilized, or a transfer to a different hospital.

What is an Emergency Medical Condition? A medical condition with acute symptoms of sufficient severity that the absence of immediate medical attention could result in serious jeopardy to the patient's health or the health of an unborn child.

And what happens if a hospital refuses to follow EMTALA? Well, it may come as a surprise to some of you, but EMTALA does not provide a private right of action for individuals.[4] More importantly, with the way physicians are employed, in private physician groups rather than hospitals, courts have created a new wrinkle. EMTALA does not apply against physicians personally or private companies.[5]

Payments for working class families

But let's get away from the Emergency Room for a moment and talk the nuts and bolts of working class Americans. I have four (4) school age children, all have required braces. Thankfully the orthodontist takes payments, because, as it turns out, I didn't have an extra $14,000.00 laying around to pay for orthodontia. Will service providers continue to provide services with payments knowing there is zero meaningful recourse? If you pass this bill, we'll find out.

What does an anesthesiologist do now? My family and I have received anesthesia in several circumstances where there is zero opportunity to prepay for their service, or their fee is such that I couldn't have paid it all at once. Thankfully, I was permitted to make payments. The service provider had confidence that I'd be able to pay knowing there is legal recourse if I didn't.

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[3] Emergency Medical Treatment & Labor Act, 42 USC § 1395dd, et seq.

[4] Gatewood v. Washington Healthcare Corp., 933 F2d 1037 (D.C. Cir. 1991)

[5] *Davis v. Twp of Paulsboro*, 424 F.Supp.2d 773 (D.N.J. 2006); *Alvarez-Torres v. Ryder Mem. Hosp. Inc.*, 576 F.Supp.2d 278 (civil enforcement provision of EMTALA applies only to participating hospitals, not physicians); *Lebron v. Ashford Presbyterian Comm. Hosp.*, 995 F.Supp. 241 (D.P.R. 1998) even if physicians did inadequately screen, treat, and transfer patient after rear-end collision injured her neck, because both plain language and legislative history of EMTALA clearly indicate that it does not provide individual cause of action against physicians.

Charitable Care

The final point worth mentioning and everyone is free to perform their own investigations and call me out if I'm wrong, but every single Ohio Hospital should have a written financial policy and charity plan that is posted both on their website and available in the Emergency Department. The vast majority of hospitals I'm working with are offering charity not only to folks who are earning at or below the Federal Poverty Line, but to folks who are earning **400-600% of the Federal Poverty Line**.

Respectfully submitted,

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