

House Committee on Insurance
HB 49 – Written Testimony
Dan Kutchel, President, Capiro
March 29, 2023

To the Honorable Chair Lampton, Vice Chair Barhorst, Ranking Member Miranda and members of the House Committee on Insurance:

Thank you for the opportunity to provide written testimony regarding HB 49 and its efforts to increase health care cost transparency in Ohio and help Ohioans better manage their health care spending, a laudable goal to be sure.

First, let me share a little about Capiro. Capiro is the largest purchaser of nonperforming assets; however, Capiro is not like other debt buyers or contingency collection agencies. Our mission is to help consumers build credit, save for future medical expenses, and set course on a path to financial wellness. We do not resell accounts, we handle only healthcare accounts, and we forgive \$1.25 for every dollar collected. In addition to our formal debt forgiveness program, we have decided to halt collections on over \$24 billion of medical debt. We have made this decision due to our extensive healthcare experience, our knowledge of what helping people resolve their account issues truly means, and our desire to help people achieve financial wellness. Capiro always allows consumers to apply for charity or debt forgiveness after the fact, and screens new accounts for billing accuracy and financial assistance eligibility. We have our own patient advocacy team to ensure as many people as possible qualify for charity, reduced payment amounts, and/or debt forgiveness. We are focused on helping people burdened with medical debt and our debt purchases are in full compliance with 501(r) and CMS guidelines.

Transparency in healthcare pricing is overdue. As we are seeing across the nation, states are eager to protect their constituencies by providing consumers and patients with information to make educated financial decisions. Working regularly to help individuals and families to control their financial health and address medical debt, Capiro knows all too well how complex and confusing medical billing can be. For a single visit, a patient can receive multiple different bills from separate payees – whether it may be a physician group, the hospital, or other – for a single visit. Allowing patients to make a decision concerning their medical and financial well-being before the procedure is a sensible step to modernize our medical system.

A major problem in our current system is reigning in the rising costs of healthcare while ensuring access to quality care and concurrently weighing the physical and financial impacts of an accident or illness. Across many states and federally, regulators have been taking on issues from shoppable services price listing as required by CMS, to new limits on medical debt credit reporting thresholds, as announced in 2022 by the Consumer Financial Protection Bureau (CFPB) and major credit reporting agencies.

Medical debt has become and continues to be an increasingly serious problem. According to the Consumer Financial Protection Bureau (CFPB), there is currently \$88 billion of medical debt sitting on 43 million credit reports. As one of the larger organizations in the U.S. helping patients with medical debt pay what they can afford, I share the sense of urgency and determination of policymakers and regulators to address medical cost and debt across the United States and in Ohio.

A common sense first step in reigning in medical debt is ensuring price transparency before entering what may be a voluntary procedure. Knowing what you will be charged prior to a procedure ensures that patients can make educated decisions that impact both their health and their finances. Ensuring that a patient receives the care they need, and giving them the choice of what level of care they can afford can help alleviate financial burdens that all too often strap families for months or years down the road.

I firmly believe in consumer protections that shield people from financial harm while improving the patient experience. However, any efforts to help solve such a complex problem must balance consumer needs for transparency and affordability with the needs of healthcare providers to generate the predictable revenue necessary to continue delivering the highest quality care. Healthcare providers across the country, including faith-based and not-for-profit providers, are now selling debt due to the impact of Covid-19, and frequently selecting Capiro to service their patients due to our superior consumer experience. I urge you to not bar collection actions against a patient for care rendered during a period of noncompliance as the bill contemplates, but rather include language that protects the consumer from financial harm and offers additional tools to resolve patient bills and disputes. I believe debt sales can be a valuable tool for Ohio healthcare providers as financial conditions deteriorate.

The landscape of medical costs and debts is multifaceted. House Bill 49 proposes to prohibit hospitals from taking collection actions during the period of price listing noncompliance. While we understand the intentions to accelerate compliance, we believe that House Bill 49 will unintentionally harm consumers, and businesses like Capiro. If complex systems do not become compliant, the quality of and access to care for Ohioans will feign, and many Ohioans may have to travel further, or choose not to receive care. By disallowing hospitals from collection actions including selling medical debt, businesses like Capiro will not be able to assist Ohioans in paying off their debt in a conscious, responsible manner.

Credit reporting agencies recently announced a one-year moratorium on reporting consumers on the bureau beginning July 2022, due, in part, to CFPB actions. In March of 2023, balances under \$500.00 will no longer be reportable. We urge the committee evaluate the impacts of these initiatives, which will be game changers for millions of people across the state and the country, before taking further action; allowing hospitals and providers to understand and plan for the financial impacts of regulatory and legislative changes. We believe the reduction in credit reporting will result in 30% less collections which could cripple providers' already thin margins.

As mentioned before, Capiro is unique because we have established a consumer-friendly policy that goes above and beyond most contingency agencies. We are committed to our patient's long-term financial health **as we do not charge interest or fees, take legal action, resell obligations to outside agencies, or resell customer data.**

We believe collection actions should be permitted provided that the debt buyer or collection agency employs a dedicated patient advocacy team to handle and resolve disputes, screens for additional charity care or discounts, and provides the patient with an itemized statement of charges.

I firmly believe that the best solutions come from informed insights—the kind best made by people and organizations closest to the situation. We urge regulators and policymakers to use this period to address this problem by working alongside providers and organizations that routinely manage medical debt, who understand the challenges of patient-funded care and who have a track record of developing fair, practical, holistic solutions. As an expert in the complex field of medical debt, Capiro would like to work

with you and interested parties to craft legislation that ensures hospital compliance with price transparency, while also protecting consumers and business with significant interest in medical billing.

Why Capio is different

We are the largest buyer of healthcare receivables: As the largest buyer of healthcare receivables, Capio understands both the provider revenue cycle and the unique causes and complexities of medical debt like no one else.

We have a proprietary model: Our proprietary debt purchasing model enables us to pay more up front on bad debt, providing essential revenue for hospitals.

We have over 200 years of healthcare expertise: Our team members are specialists in medical debt; we understand the unique stresses surrounding medical debt and how to effectively balance the needs of care providers and patients.

We work with 20 million consumers: We've worked with 20 million patients from every community to create practical and personalized solutions to help them pay their fair share of medical expenses.

We are industry thought leaders: We are the only company focused on practical, holistic solutions to the medical debt crisis that balance the needs of patients, care providers and regulators/legislators.

We deliver patient friendly solutions: We offer the flexibility, counsel, tools, and education needed to help patients pay their bills and achieve long-term financial wellness.

We provide dependable financial solutions: We have delivered more than \$250M to our hospital partners and care providers.

We are leaders in our industry: We lend our expertise to support regulatory and legislative actions to improve provider and patient financial outcomes.