

NEVADA: TOXIC HOSPITAL DEBT COLLECTION PRACTICES

High health care costs are hurting Americans. Nowhere is this more true than with hospital care, the single largest component of national health care spending. With new examples of predatory and financially toxic hospital practices against consumers coming to light across the country – like lawsuits, wage garnishment and other heavy-handed collection efforts – Consumers for Quality Care (CQC) is highlighting this growing trend through its #HospitalFail campaign.

As part of the #HospitalFail campaign, CQC decided to look beyond the headlines and dig into the state of financially toxic hospital practices in states across the country, especially some of those states taking center stage as the country tunes in to the last rounds of the Democratic presidential debates and as we move into presidential primaries and caucuses. One of the states in which we examined publicly-available records is Nevada.

The more than 3 million people living in Nevada depend on hospitals as a place in their communities they can turn to when sick or critically injured. Often when Nevadans turn to these institutions, they are scared and desperate; going to the hospital may be their only option. But increasingly, predatory practices from hospitals in the form of outrageous surprise bills, wage garnishment, bankruptcy and unpredictable costs for treatment are becoming common across the country, including Nevada.

Key findings in Nevada include:

- A leading county-owned hospital has mismanaged its patient debt and its newly contracted debt collection agencies are set to go after thousands of debtor-patients each month.
- Certain major Nevada hospitals make numerous cameos in personal bankruptcy cases.
- Statistically and anecdotally, medical debt appears to be a driver of personal bankruptcy in Nevada.
- All this is taking place in the context of high medical debt and personal bankruptcy rates in Nevada.

Nevadans face high medical debt

Nevadans face medical debt and related bankruptcy at rates higher than the national average — with overall personal bankruptcy the 8th highest in the nation. The Silver State also suffers a marked disparity between white Nevadans and members of communities of color. Only 17% of white Nevadans have past-due medical debt. By contrast, 26% of members of minority communities carry past due medical debt.¹

According to the Urban Institute, the rate of individuals currently burdened with past-due medical debt in Nevada (21%) exceeds the national average (16%).² Average outstanding medical debt in Nevada is \$775 per capita while nationwide the per capital medical debt is \$694.

¹ https://apps.urban.org/features/debt-interactive-map/downloadable-docs/Urban_Inst_Debt_In_America.xlsx

² https://apps.urban.org/features/debt-interactive-map/downloadable-docs/Urban_Inst_Debt_In_America.xlsx

University Medical Center of Southern Nevada Ramping Up Collections

One of Nevada's largest hospitals, University Medical Center of Southern Nevada (UMC) has attacked medical debtors in court even as the institution appears to be ramping up its toxic billing practices. Last year, UMC issued an RFP "soliciting proposals from qualified vendors to provide collection agency services for self-pay bad debt."³ Vendors were to be finalized early in 2020.

UMC, a non-profit, government, teaching hospital owned and operated by the Clark County Commission and affiliated with the UNLV School of Medicine,⁴ appears as a creditor in over two dozen bankruptcy cases according to the CourtLink database in court filings made in and after 2014. UMC has also gone after patients by placing liens on their homes.

- In the 2017 bankruptcy case of Jason Burns,⁵ who owed UMC for outstanding medical debt, the hospital essentially sought to take his home by slapping a lien on it for nearly twice its value. The court was initially confronted by a challenge to UMC's claim of a \$226,000 hospital lien, with the debtor seeking to avoid the lien and asserting that a prior lien (\$120,000) was already in place and that the property securing the lien was worth only \$115,000. Ultimately, the debtor's objection was withdrawn without prejudice per stipulation.
- In the 2014 bankruptcy filing of Idrisa Mansaray, UMC asserted a \$290,267.18 secured claim against the debtor's estate, with the patient's home being the primary target. This claim was eventually overturned but not without significant court maneuvering.
- In the 2014 bankruptcy of Anthony Taylor Garin, the court sustained an objection to affording UMC's \$134,270.81 claim secured status.⁶ The debtor was an accident victim, and ultimately UMC did not object to the motion.
- In the bankruptcy of Yohana Anderson, the court denied secured status to a \$72,000 claim interposed by UMC,⁷ and dismissed a second claim in the same amount was duplicative.⁸

Due to its historically poor debt collection rates, in September 2019 UMC publicly solicited offers for a debt collection agency.⁹ The RFP is both chilling and revealing as it describes approximately \$8 million in monthly bad debt and apparent plans to go on the attack against thousands of patient-debtors, stating:

³https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=17&ved=2ahUKEwiX2PPq_bXnAhWPxFkKHa6pCgYQFjAQegQIBhAB&url=http%3A%2F%2Fwww.clarkcountynv.gov%2Fadministrative-services%2Fpurchasing%2FBid_Documents%2FRFP%25202019-16%2520Collection%2520Agency%2520for%2520Self-Pay%2520Bad%2520Debt%2520RFP%2520Document.doc&usg=AOvVaw3SWzmevNT67VcFEh_cICFW

⁴ <https://www.umcsn.com/Footer/About-UMC-of-Southern-Nevada-Index.aspx?intMenuID=6600&intPageID=305>

⁵ <https://ecf.nvb.uscourts.gov/doc1/114129586887>

⁶ <https://ecf.nvb.uscourts.gov/doc1/114126899636>

⁷ <https://ecf.nvb.uscourts.gov/doc1/114026747708>

⁸ <https://ecf.nvb.uscourts.gov/doc1/114126747714>

⁹https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=17&ved=2ahUKEwiX2PPq_bXnAhWPxFkKHa6pCgYQFjAQegQIBhAB&url=http%3A%2F%2Fwww.clarkcountynv.gov%2Fadministrative-services%2Fpurchasing%2FBid_Documents%2FRFP%25202019-16%2520Collection%2520Agency%2520for%2520Self-Pay%2520Bad%2520Debt%2520RFP%2520Document.doc&usg=AOvVaw3SWzmevNT67VcFEh_cICFW

The average monthly Hospital bad debt to be assigned to collections is on average (i) 383 accounts for \$3 million per month on the inpatient side and (ii) 4,306 accounts for \$5M per month on the outpatient side. OWNER will select two (2) Agencies to share in the collections. OWNER expectation is a minimum of three percent (3%) return on the first (1st) year, six percent (6%) the second (2nd) year, and nine percent (9%) the third year of net assignments averaged out over the respective 12, 24 and 36 month periods.¹⁰

Nevada Bankruptcy

Nevada is also hurting in the bankruptcy department. Studies in 2013 and 2014 by NerdWallet Health reveal that medical debt is the nation's leading cause of personal bankruptcy¹¹ — with Nevada's personal bankruptcy rate the eighth highest in the country.¹² In other words, Nevada's personal bankruptcy problem is particularly severe.

By the numbers, Nevada's personal bankruptcy rate stands at more than 317 filings per 100,000 people at a time when the national average is 230.39.

Using the CourtLink and PACER databases, our preliminary review of bankruptcy filings in Nevada reveals that several of the state's hospitals are recurring creditors for Nevadans in dire financial straits.

Conclusion

Unfortunately, Nevada isn't alone. Americans are almost [universally worried about the cost of health care](#), regardless of income level, age, gender, race or political identification, and for good reason. Hospitals, [the largest individual contributor to health care costs in the U.S.](#), are a major source of financial harm and despite predatory practices being increasingly employed by hospitals around the country, large regulatory and advocacy bodies have failed to act. The American Hospital Association has [issued few guidelines](#) on these predatory tactics. And federal standards and laws offer patients little protection. At a time when hospitals are increasingly [raising their prices for care](#), there is currently no industry standard for hospital charity under

¹⁰ Per RFP: "University Medical Center of Southern Nevada, located in Las Vegas, Nevada, is a county-owned, acute-care hospital, organized under Nevada Revised Statute Chapter 450. UMC is a 541 bed hospital, currently operating a Level 1 Trauma Center, a Level 2 Pediatric Trauma Center, an active Cardiology Program, Organ Transplant Program, Burn Care Center and a Level 3 Intensive Care Nursery. In addition, UMC operates nine (9) Quick Care facilities and eight (8) Primary Care facilities...."

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¹¹ <https://www.nerdwallet.com/blog/health/medical-bills-debt-crisis/> <https://www.cnbc.com/id/100840148>

¹² <https://www.statista.com/statistics/303570/us-personal-bankruptcy-rate/>

federal law, and patients are often unaware of the community benefits or charity care for which they may qualify. National laws have failed to effectively limit harsh collections.

Consumers for Quality Care (CQC) recently issued an open letter urging our nation's governors not to wait on the AHA or the federal government to address the mounting issue of hospitals inflicting predatory practices on their constituents. Governors, including Gov. Sisolak, should implement statewide regulations protecting Nevadans from abusive collection practices and strengthening financial assistance policies. The Governor should also enact ceilings for common abusive practices like high interest rates on medical bills, reporting on medical debts prior to insurance determinations and pursuing lawsuits when patients are eligible for free or discounted care. Nevadans should be able to seek the health care they need without fear of financial ruin.