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United States Senate

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

WASHINGTON, DC 20510-6300

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<http://help.senate.gov>

September 28, 2022

Rod Hochman
President and Chief Executive Officer
Providence St. Joseph Health
1801 Lind Avenue Southwest
Suite 9016
Renton, WA 98057

Dear Mr. Hochman:

I am deeply concerned by a recent report from the *New York Times* indicating that Providence St. Joseph Health (“Providence”) engaged in a series of practices which resulted in patients who should have received free or discounted medical care to instead pay for that care through aggressive debt collection practices. I am requesting answers to better understand these reported practices in light of federal and state laws that place strict requirements on the actions of hospitals like Providence and which seemingly contradict your mission to be “steadfast in serving all, especially those who are poor and vulnerable.”¹

According to recent reports, over the past several years, Providence has increasingly extracted payments from low-income patients, even when patients qualified for free or discounted care. The reports allege several disturbing practices, including high-pressure billing conversations at hospital beds when patients are vulnerable, the use of extraordinary collection actions by debt collectors, and patients eligible for free or discounted care being billed for outstanding balances. As a result, patients have gone without food or heat, have seen their credit scores plummet, and have been afraid to seek out further medical care due to the cost—all as a result of practices that potentially violate both state and federal laws.² At the federal level, under the Affordable Care Act (“ACA”) and its final regulations, non-profit hospitals are prohibited from engaging in extraordinary collection actions, such as those that would involve adverse reporting to credit agencies or bringing legal action against a patient.³

To qualify as a non-profit hospital, Providence must serve the public interest and meet a community benefit standard.⁴ As part of meeting this standard, the ACA placed additional requirements on these hospitals and health care systems to widely publicize their financial assistance policy, provide a plain language paper copy of this policy at intake or discharge, and

¹ <https://www.providence.org/about/our-mission>

² <https://www.nytimes.com/2022/09/24/business/nonprofit-hospitals-poor-patients.html>

³ <https://www.irs.gov/charities-non-profits/billing-and-collections-section-501r6>

⁴ <https://www.irs.gov/pub/irs-tege/rr69-545.pdf>

display the policy in public spaces at the hospital facility.⁵ The data on Providence’s “charity care,” or the free care provided to low-income patients, suggests Providence may be pairing aggressive payment tactics with a concerted effort to shrink its provision of free care. In 2018, Providence reported spending 1.24 percent of expenses on charity care, a level significantly below the industry’s 2.3 percent average.⁶ By 2021, Providence’s charity care spending had dropped below 1 percent while the industry average increased slightly to 2.4 percent.⁷

Many states in which Providence operates, including my home state of Washington, place additional requirements on hospitals to provide free or discounted care to financially struggling or uninsured patients.⁸ These laws mandate free or discounted care to eligible patients who fall at or below a specific income threshold or to uninsured patients.⁹ Washington’s charity care law requires all hospitals—public and private, non-profit or for-profit—to forgive out-of-pocket essential health care for patients qualified for financial assistance.¹⁰ The law also specifies that collection agencies must include charity care disclosure notices in their initial collection letters. Providence is currently facing a consumer protection lawsuit in Washington state stemming from its charity care and medical debt collection practices; this recent reporting further suggests Providence may have taken actions that contravene these requirements.¹¹

Many of these practices to pressure low-income patients to pay inappropriately seem to have begun or escalated in 2018, when Providence enlisted the help of McKinsey & Company.¹² According to reporting, a McKinsey-designed program, called “Rev-Up,” provided a detailed playbook for how employees should pressure patients to pay for their care.¹³ Materials for the Rev-Up program instructed Providence employees not to “accept the first No” when asking for payment. Others detailed a four-step plan to evade providing information on financial assistance: ask for full payment, then ask for half payment, then offer a payment plan, and, only after all other efforts had failed, acknowledge the existence of financial assistance.¹⁴

The reporting indicates this prioritization of profits over patient well-being also extends to Providence’s billing practices. In recent years, Providence has routinely sent patients to debt collections agencies, including in cases where patients were eligible for charity care. In 2019, Providence ceased waiving the outstanding portion of bills for patients covered by Medicaid, instead sending these patients to debt collections. Providence further pressured its own collection department employees to meet monthly collection goals—in some cases, through “wall-mounted

⁵ <https://www.irs.gov/charities-non-profits/financial-assistance-policy-and-emergency-medical-care-policy-section-501r4>; <https://www.consumerfinance.gov/data-research/research-reports/understanding-required-financial-assistance-in-medical-care/>

⁶ <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2020.01627>

⁷ <https://www.wsj.com/articles/nonprofit-hospitals-vs-for-profit-charity-care-spending-11657936777>;

<https://www.nytimes.com/2022/09/24/business/nonprofit-hospitals-poor-patients.html>

⁸ https://www.nclc.org/images/pdf/medical-debt/Rpt_Ounce_of_Prevention.pdf

⁹ https://www.nclc.org/images/pdf/medical-debt/Rpt_Ounce_of_Prevention.pdf

¹⁰ <https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bills/Session%20Laws/House/1616-S.SL.pdf?q=20220928103032>

¹¹ <https://www.atg.wa.gov/news/news-releases/ag-ferguson-providence-s-collection-agencies-broke-law-while-collecting-medical>

¹² <https://www.nytimes.com/2022/09/24/business/nonprofit-hospitals-poor-patients.html>

¹³ <https://www.nytimes.com/2022/09/24/business/nonprofit-hospitals-poor-patients.html>

¹⁴ <https://www.nytimes.com/2022/09/24/business/nonprofit-hospitals-poor-patients.html>

charts like oversized thermometers” that tracked employees’ progress toward meeting collections goals. Some supervisors even dressed up in Rev-Up themed Halloween costumes to encourage more aggressive collections techniques.¹⁵

Patients seeking care at Providence’s hospitals should not face these types of aggressive tactics at their most vulnerable moments. In order for the Health, Education, Labor, and Pensions (HELP) Committee to more fully understand Providence’s billing practices, please provide answers to the following questions by October 12, 2022:

1. For each year from 2017 to 2022, please provide the following information:
 - a. How many patients qualified for free or discounted care?
 - b. How many patients listed Medicaid as their primary or secondary insurer?
 - c. How many patients were on a payment plan with Providence or third-party contractors?
 - d. How many patients did Providence refer to debt collection services?
 - e. How much, in total, did Providence receive from those patients?
 - f. How much, in total, did Providence pay to debt collectors for pursuing those patients?
2. How much total charity care has Providence provided in each year from 2017 to the present? Please include:
 - a. Providence’s methodology for calculating charity care;
 - b. The services included in that calculation; and
 - c. The amount of charity care provided for each service included in the calculation.
3. What policies determine whether to refer a patient to debt collection services? Do those policies include income thresholds and determinations of need? Please provide a copy of any such policies and procedures.
4. What policies determine how Providence or any third-party contractor determines the terms of payment plans for Providence services? Do those policies include income thresholds and determinations of need? Please provide a copy of any related policies and procedures.
5. What is the application process for patient to receive financial assistance or charity care? What policies and practices are in place to ensure patients are aware of financial assistance programs? At what point during patients’ visits do Providence employees make patients aware of those programs? Please provide a copy of any such policies and the procedures for providing patients with information about those financial assistance programs.
6. How does Providence ensure that all patients eligible for free or discounted care are informed of their eligibility and ability to request financial assistance? What processes are in place to ensure that Providence does not improperly bill such patients for their care? Does Providence conduct audits to specifically ensure these patients receive the full financial assistance for which they are eligible, and that patients are not improperly billed? Please provide any related policies, procedures, and information on related audits.
7. Please provide a description of any policy and training changes, if any, Providence has implemented or intends to implement to ensure low-income patients are promptly

¹⁵ <https://www.nytimes.com/2022/09/24/business/nonprofit-hospitals-poor-patients.html>

informed of their eligibility for free or discounted care and that they receive the full discount for which they are eligible.

8. What processes are in place for Providence to write-off, forgive, refund the debt, or otherwise ameliorate the harm inflicted on patients who are eligible for financial assistance who were not properly informed of their eligibility?
9. How much did Providence pay to McKinsey & Company for producing the materials related to the creation, adoption, and implementation of the Rev-Up program? Which materials were distributed and used by staff and what changes, if any, were made to the materials?

If you have any questions about these requests, please do not hesitate to contact Greg Carter (Greg_Carter@help.senate.gov) and Elizabeth Darnall (Elizabeth_Darnall@help.senate.gov) on my HELP Committee staff.

Sincerely,

A handwritten signature in blue ink that reads "Patty Murray". The signature is written in a cursive style and is positioned above a horizontal line.

PATTY MURRAY

Chair

U.S. Senate Committee on Health, Education,
Labor, and Pensions

cc: Senator Richard Burr
Ranking Member