

# ABC for Health: Hospital uncompensated care report—bad debt and inequities grow in Wisconsin

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Bad debt for Wisconsin hospitals increased by \$8.4 million (1.1%), while charity care services provided decreased by \$84.2 million (13.5%) in 2021 according to the Wisconsin Hospital Association's "[Uncompensated Health Care Report, Wisconsin Hospitals Fiscal Year 2021](#)." The report identifies a slight drop in overall uncompensated care, a measure that combines both charity care and bad debt totals at Wisconsin hospitals. In 2021, uncompensated care for Wisconsin Hospitals totaled \$1.29 billion, down from \$1.36 billion in 2020.

The drop in uncompensated care may be partially explained by pandemic-related policies that have significantly increased rates of health coverage. For example, states are barred from disenrolling people from Medicaid until the end of the COVID-19 Public Health Emergency (currently extended into January 2023).

Uncompensated care steadily increased in Wisconsin from 2015 to 2020. Yet with bad debt increasing in 2021, the amount of hospital charity care dollars for patients has dropped precipitously. In fact, the 2021 report noted that charity care from hospitals dropped by over \$84.2 million dollars compared to 2020. When compared to pre-pandemic year 2019, hospitals charity care dollars have dropped by over \$94 million.

The widening gulf between charity care and bad debt in Wisconsin is a grim omen for low-income patients. "Hospitals aren't getting paid either way," says Bobby Peterson, Public Interest Attorney at ABC for Health, Inc. "But while charity care

helps communities by erasing medical debt, accounts labelled as 'bad debt' can lead to damaged credit scores, lawsuits, and other harms to patients." Peterson says increased medical debts are a huge health equity issue and major stressor for health disparity populations in Wisconsin. He continues, "We need to apply common sense strategies to help these patients prevent certain debt."

Nonprofit hospitals are required to develop and publish charity care policies that give low-income patients discounted or free care in exchange for the significant tax breaks. "In theory, charity care should be a major shield against medical debt, but making it work in practice is a whole other ball game," remarks Peterson. "When you look at the hoops patients have to jump through to apply - application deadlines, verification requirements, lost communications, ambiguous policies with arbitrary exceptions - it's remarkable when any patient receives the correct discount he deserves." ABC for Health published several recommendations to promote equity and accessibility in financial assistance policies as part of an [October report](#) on medical debt in Wisconsin.

Peterson says, "Patients endure the barriers of medical debt: harassment, court summons, and default judgements. Families impacted by health disparities are unequipped to challenge debt actions alone. They suffer wage garnishment, family stress, and disrupted access to care. The negative effects of looming debt and a worsened credit score hang over a family like an angry storm cloud."

Collection agencies and associated law firms are the real winners in the continuing growth of medical debt. Sadly, the medical collections industry profits off the misery of low-income, credit-compromised consumers. Most hospitals assign accounts to longstanding business partners in collection agencies and law firms that extract profits at the expense of patients and sometimes the reputation of hospitals and other providers.

"Hospitals have legal representation 100% of the time in court, and patients virtually never do!" says Peterson. He continued, "Without balanced justice, the collections industry relentlessly moves forward, and there is no check on the questionable tactics they use to maximize revenue." Peterson notes, "The collections machine is undeterred by health disparities and inequities facing patients that cannot effectively fight back without advocacy or legal help. Many patients face a downward spiral that leads to worsened health and traps them, by a credit score, in an electronic debtor's prison." For more information, see:

[Medical Debt & Collections: A Better Way Forward for Wisconsin \(June 2021\)](#)

[Despite COVID, Medical Debt Lawsuits Continue at Some Wisconsin Hospitals \(December 2021\)](#)

[Medical Debt & Collections in Wisconsin: Restarting the Collections Machine \(October 2022\)](#)

As ABC has outlined in its research and recommendations, proactive help at the start of the health care service process with trained and skilled hospital staff can help prevent or diminish certain medical bills and promote health equity for disparity patients. Informed advocates serving low-income communities can also help patients appeal denied insurance claims, secure ongoing coverage, apply for charity care, and avoid future uncovered bills. Peterson says, “Many more hospitals need to step up, partner to protect their patients’ health, well-being, and financial futures, and end the antiquated and mean-spirited process of reflexively referring accounts to collections.”

ABC for Health has also updated its “[Fighting Forward: Challenging Medical Debt](#)” resource for consumers.