



## Uninsured in California: Paying More Than What's Fair in the ER

### California's Growing Number of Uninsured Rely on the Emergency Room for Care

Even before the economic recession started in 2007, there were over six million uninsured Californians.<sup>1</sup> Since then, at least 500,000 Californians have become uninsured by virtue of losing their jobs.<sup>2</sup>

Without health insurance coverage, emergency rooms are sometimes the only access to medical services a person has. Under existing law, all of California's more than 300 hospital emergency departments are required to stabilize any patient presenting themselves with a medical emergency, regardless of their income or ability to pay. In 2007, the uninsured accounted for about 16 percent of all emergency department visits (or about 1.7 million visits).<sup>3</sup>

### The Uninsured are Charged Up To Four Times the Fair Price for Emergency Room Care

Because the uninsured do not have coverage, they do not benefit from the discounted rates that private insurers and government programs negotiate with emergency departments. Rather, the uninsured are charged prices that are up to three or four times higher than what even commercial plans pay for the same services.

As a result, those with the least coverage are being required to pay the most – an issue that contributes significantly to medical debt and bankruptcy. Through aggressive collections practices, the inflated prices charged to the uninsured have, in part, made emergency departments profitable for some California hospitals, and can more than make up for the uncompensated care that physicians provide.<sup>4</sup>

### Build on Past Efforts to Protect Consumers from Unfair Emergency Room Billing Practices

Overcharging of the uninsured was partially addressed in 2006 when the Legislature passed a bill that required hospitals emergency departments to charge low- and moderate-income uninsured or underinsured patients a fair price for emergency care.<sup>5</sup> A "fair price" was defined as the greater of the price paid by Medicare, Medi-Cal, or other government programs; and the law applied to families with income at or below 350 percent of the federal poverty level.<sup>6</sup>

The 2006 bill also required emergency departments to post notices about their collection practices, and prohibited the placement of liens on homes or garnishment of wages as a way to get payment for hospital bills. The 2006 bill only applies to emergency departments of the hospital (not individual physicians working at the ER) and is currently being implemented.

## AB 1503 (Lieu): Emergency Room Physician Fair Pricing

AB 1503, a bill introduced by Assemblymember Ted Lieu (D-Torrance), would further protect consumers by expanding the billing provisions imposed on hospitals in 2006 to emergency room doctors in the emergency room as well.

Specifically, AB 1503 (Lieu) would:



Provide uninsured and underinsured individuals with the same consumer protections for fair pricing and collections activity by physicians as by hospitals;



Require that payment from a dedicated fund for emergency care provided to an uninsured person (known as the "Maddy Fund") be considered payment in full and no further billing or collections activity will be permitted;



Allow that a person of low- or moderate-income (defined as 350 percent of the federal poverty level), be required to pay no more than the higher of the Medicare or Medi-Cal reimbursement rate; and



Require other consumer protections, such as a prohibition of liens on primary residences, a prohibition of wage garnishment, and a requirement that patients are provided a notice of their protections under the law.

<sup>1</sup> E.R. Brown, *et al.*, "[Nearly 6.4 Million Californians Lacked Health Insurance in 2007 – Recession Likely to Reverse Small Gains in Coverage](#)," UCLA Center for Health Policy Research (December 2008).

<sup>2</sup> See Health Access, "[Resuscitating an Ailing Economy: Investing in Health Care](#)," (May 2009).

<sup>3</sup> Analysis of 2007 data on Emergency Department Encounters from the Office of Statewide Health Planning and Development (OSHPD).

<sup>4</sup> "[California's Emergency Departments: Do They Contribute to Hospital Profitability?](#)," California HealthCare Foundation (July 2003); and J. Gruber, & D. Rodriguez, "[How Much Uncompensated Care Do Doctors Provide?](#)," National Bureau of Economic Research (November 2007).

<sup>5</sup> AB 774 (Chan), which went into effect January 2007.

<sup>6</sup> 350 percent of the federal poverty level (FPL) is equivalent to an annual income of \$37,905 for an individual and \$64,085 for a family of three in 2009.

This factsheet was prepared by Health Access, a statewide coalition of consumer, labor, ethnic, senior, faith, and other organizations, that has been dedicated to achieving quality, affordable health care for all Californians for over 20 years. Please visit our website and read our daily blog at [www.health-access.org](http://www.health-access.org).