

PROTECT PATIENTS from REVENUE RECAPTURE

HOUSE FILE 1487 (Reyer) SENATE FILE (2160)

The Problem

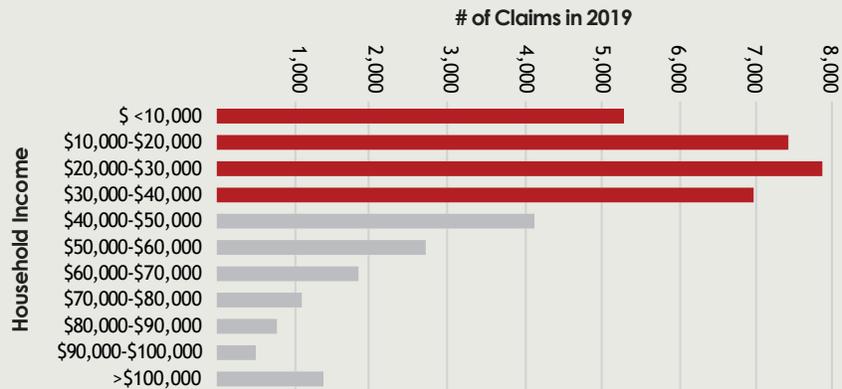
A special provision in Minnesota law allows some private healthcare companies and ambulance services to collect medical debt by seizing a patient's tax refund. This state-facilitated process, called "Revenue Recapture," enables private healthcare companies to circumvent legal protections enacted to shield low-income debtors from overly aggressive debt collection.

LOW-INCOME FAMILIES ARE MOST IMPACTED BY REVENUE RECAPTURE

Revenue Recapture allows private healthcare and ambulance companies to circumvent legal protections intended to shield low-income debtors from overly aggressive debt

| | STANDARD DEBT COLLECTION | REVENUE RECAPTURE |
|-----------------------------------|--|--|
| Judgment Requirements | Collection agencies must obtain a court judgment against a patient to garnish their wages or bank account. | Private healthcare and ambulance companies can refer patient debt to Revenue Recapture without obtaining a court judgment. |
| Public Benefits Recipients | Collection agencies can't garnish a person's wages or bank accounts if they have received income-based public benefits in the last six months. | No such restrictions. |
| Payment Plan Compliance | Healthcare companies can't send hospital bills to collections if the patient is complying with a payment plan. | Entire balance can be referred to Revenue Recapture despite payments being made. |

Families making less than \$40,000 a year account for over two-thirds of Revenue Recapture claims for medical debt.²



Bill Summary

This bill eliminates the statutory authorization for private healthcare and ambulance companies to refer patient debt to the state Revenue Recapture process for collection.

In 2018, nearly 750,000 Minnesotans had medical bills in collections, equal to 17% of adults.³

Some healthcare companies have voluntarily stopped using Revenue Recapture.

"Sanford wants to make sure we're doing the right thing for patients. But this is a dissatisfier for patients if they're expecting a tax refund and we're taking it away from them."⁴

– Mike Beyer, Senior Director of Patient Accounts, Sanford Health, June 2019

For additional information, please contact Anna Odegaard at aodegaard@mnlisap.org.

1 Office of the Minnesota Attorney General. "Garnishment," accessed April 14, 2022 at <https://www.ag.state.mn.us/Consumer/Publications/Garnishment.asp>;
 "The Minnesota Attorney General Hospital Agreement," accessed April 14, 2022 at <https://www.ag.state.mn.us/Consumer/Publications/MedicalBillingPointers.asp>.
 2 Minnesota Department of Revenue. Data request by Minnesota Asset Building Coalition, February 3, 2022. Calculations exclude Revenue Recapture claims for which the household income is unknown.
 3 Financial Capability Study: 2018 Full Data Tables by State. Accessed March 14, 2022, at <https://www.usfinancialcapability.org/downloads.php>
 4 Meyer, Harris. "Some Hospitals Seize Patients' Tax Refunds." Modern Healthcare. June 15, 2019.

