CITY OF LONG BEACH

Memorandum

Date: April 7, 2025

To: Thomas B. Modica, City Manager

From: Alison King, Director Health and Human Services

For: Mayor and Members of the City Council

Subject: **Medical Debt Ordinance**

Medical debt poses a significant public health problem. Many Americans, including those with health insurance, do not have enough saved to meet deductibles or out-of-pocket expenses. In a 2019 survey with Kaiser Family Foundation, nearly one-third of single-person privately insured households did not have $2,000 saved. Medical debt burden often results in adverse consequences, causing both physical and mental health issues, as well as financial instability for affected patients and families. Consequently, patients may struggle to afford necessities such as food, utilities, and housing. Some individuals may postpone or avoid essential medical treatments altogether to prevent financial burden. Even patients with insurance coverage find themselves grappling with mounting costs from care not covered by insurance through denied claims or out-of-network providers. Medical debt is most pronounced among people with significant health needs and high financial instability.

Currently, financial assistance data is reported to the California Department of Health Care Access and Information (HCAI) and the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS). However, only the aggregate total dollars of financial assistance is shared. Granular operational metrics, such as total number of applications for financial assistance received, denial rates, and reasons for denials, are needed to address the medical debt landscape comprehensively.

Nationally, only 30 percent of patients eligible for medical debt financial assistance receive it. The biggest challenges with utilization include awareness, accessibility, and complexity of the financial assistance process. Furthermore, only non-profit hospitals are required to have financial assistance policies. Patients may not be able to access financial assistance because it does not exist at all hospitals in Los Angeles County.

Los Angeles County Ordinance and City Alignment

On September 10, 2024, the Los Angeles County (County) Board of Supervisors (Board) passed an ordinance to “Amend Title 11 – Health and Safety Code of The Los Angeles County Code To Amend Section 11.02.085 To Clarify Applicability and Add Chapter 11.41, Addressing Medical Debt Through Data Collection.” This amendment authorizes the Los Angeles County Department of Public Health (LACDPH) to collect and publish data and hospital policies concerning debt collection and financial assistance to enhance transparency around medical debt. The ordinance enhances public health by (1) requiring

all acute care hospitals to submit reports on medical debt and financial assistance; (2) mandating ongoing reports from these hospitals following the initiation of debt collection; (3) authorizing LACDPH to establish regulations for the implementation and enforcement of this Ordinance; and (4) mandating LACDPH to provide public data from the information collected. For example, LACDPH will require hospitals to submit information on hospitals' financial assistance applications, denial rates, reasons for denials, approval amounts, debt collection actions, and other data pertaining to medical debt. Hospitals must also report on patient accounts that advance to collections within ten business days of collection initiation (20 days for safety net hospitals, which provide medical care to all patients regardless of their ability to pay). LACDPH will require hospitals to establish and share their policies and procedures related to medical debt.

The ordinance establishes authority for LACDPH to create rules for reporting the collection of debt and financial assistance data and policies and gives LACDPH enforcement authority for violations, if any. Reporting is expected to begin in Spring 2025. Safety net hospitals will be required to report their data annually while all other hospitals must submit their data quarterly. LACDPH will enforce the ordinance among hospitals across the County, including those in Long Beach.

LACDPH conducted extensive stakeholder and community engagement to provide notice of proposed changes and opportunities to provide feedback to the County. As part of this effort, LACDPH held two virtual forums with opportunities for hospitals and community organizations to share their feedback. LACDPH also held six meetings with the Hospital Association of Southern California to receive feedback on the ordinance overview and proposed data elements and submission process. The public input received guided and informed the County's ordinance.

The County ordinance aligns with the City's 2030 Strategic Vision, specifically Goal 7.3, which indicates all community members can access quality physical and behavioral healthcare services. It also aligns with the Health Department's 5-Year Strategic Plan Goal 14 where everyone in Long Beach has access to and utilizes quality preventive and healthcare services. When patients know they can receive medical care without financial repercussions, they will have greater access to healthcare services.

Next Steps

The ordinance covers all acute care hospitals in unincorporated areas of the County. However, incorporated cities within the County must adopt the ordinance to cover their jurisdictions. The ordinance would apply to three hospitals within the City of Long Beach's jurisdiction: Long Beach Memorial Medical Center, Dignity Health; St. Mary Medical Center; and College Medical Center. The Long Beach Department of Health and Human Services will collaborate with the City Attorney to prepare an Ordinance to align with the County. Staff will bring an ordinance to the City Council on this matter.

If you have any questions, please contact Alison King, Director of Health and Human Services, at Alison.King@longbeach.gov or (562) 570-4016.

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