



COMING TO A TOWN NEAR YOU?

Charity and collections at Bridgeport Hospital,
member of Yale-New Haven Health

Acknowledgements

The Connecticut Center for a New Economy (CCNE) is a non-profit organization dedicated to improving the economic and social well being of working families in Connecticut's urban centers by initiating and supporting efforts to raise wages of the working poor, improve public education and training, expand access to affordable healthcare and preserve affordable housing.

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For previous CCNE research reports, including *Uncharitable Care: Yale-New Haven Hospital's charity care and collections practices*, and for more information about CCNE, visit www.ctneweconomy.org.

For more information about CCNE's Hospital Debt Justice Project, email debtjustice@ctneweconomy.org.

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Introduction

Yale-New Haven Health is a hospital system with ambition. “We expect this will be a statewide system,” Joseph Zaccagnino, CEO of Yale-New Haven Hospital, said in July 1996 when he first announced the affiliation of Yale-New Haven Hospital and Bridgeport Hospital, creating Yale-New Haven Health System.¹ Zaccagnino later said that Yale-New Haven is “clearly interested in having a broad footprint throughout the state of Connecticut and over the border in New York and Rhode Island.”²

In March 2003, the Connecticut Center for a New Economy (CCNE) focused national attention on Yale-New Haven Hospital’s inhumane treatment of the uninsured and underinsured with the release of *Uncharitable Care: Yale-New Haven Hospital’s charity care and collections practices*. Released in the wake of Connecticut Attorney General Richard Blumenthal’s lawsuit against Yale-New Haven for allegedly misusing free bed funds, the report faulted the Hospital for withholding free care from needy patients and for its aggressive use of collections tactics inappropriate for a charitable hospital, such as lawsuits, liens, foreclosures and excessive interest.

Uncharitable Care helped to spark new state legislation to curb unfair hospital billing practices and lead Yale-New Haven’s administration to pledge some reforms, including a review of outstanding accounts.³ However, in the belief of CCNE, Yale-New Haven’s reform process, already limited in scope, seriously lacks transparency and accountability. Community requests for an open meeting with the board of trustees and to participate in the reform process have been stonewalled. Many patients and their families remain trapped in debt, continuing to face detrimental collection tactics.

With *Coming to a Town Near You?* CCNE examines Bridgeport Hospital, Connecticut’s fifth largest, non-profit urban hospital, and a subsidiary of the Yale-New Haven Health System.⁴ Much of the same, overly aggressive treatment of the uninsured and underinsured observed at Yale-New Haven was apparent at Bridgeport, including the use of lawsuits, liens, wage garnishments and bank executions against patients with no ability to pay and who should have qualified for charity care. Bridgeport Hospital was found to be far more uncharitable than the other hospital in Bridgeport, St. Vincent’s Medical Center.

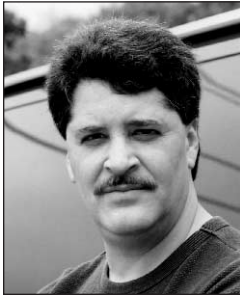
Most alarmingly, there are indications that Yale-New Haven Health’s 1996 takeover of Bridgeport Hospital may have influenced Bridgeport’s charity and collection practices. Since the Yale-New Haven takeover:

- Bridgeport Hospital now outsources collections of all uninsured and “self-pay” patient accounts to Yale-New Haven Health;
- Bridgeport Hospital and Yale-New Haven Hospital share the same charity policy, and a Yale-New Haven Health manager oversees applications for free bed funds at both hospitals;
- During the past two years, Bridgeport Hospital has sent a growing share of its collection business to Tobin & Melien, the notorious collection law firm favored by Yale-New Haven Hospital and Yale School of Medicine;
- Bridgeport Hospital placed 88% more liens on homes in the six-and-a-half year period after the Yale-New Haven affiliation than in the comparable period before.

These findings have serious implications in light of Yale-New Haven's stated intention to broaden its influence to other communities. **Community leaders and advocates for the uninsured should be wary of the Yale-New Haven Health System's expansion until thorough and transparent charity and collection reforms are enacted and mechanisms of accountability are in place.** And, in any context, health care advocates should carefully scrutinize the charity record of hospitals that seek new network affiliations, mergers or acquisitions.

INDIVIDUAL ACCOUNTS

Ralph Padua



Ralph Padua, a Woodbridge resident in his 40s, suffered a heart attack and was admitted to Bridgeport Hospital during the first time in his life that he was without health insurance. At the time he became ill, in August 2000, he was self-employed with a partner servicing commercial laundry equipment. His wife had just been laid off, losing the family's health coverage. They looked into the state HUSKY program, but it would have cost \$640 a month. Continuing his wife's policy under COBRA was even costlier. "I've always had insurance," Mr. Padua said, "except for those three lousy months."

Although he left Bridgeport Hospital owing \$22,000, Mr. Padua said he always pays his bills and planned to pay this one. From the beginning he sent the Hospital \$25 a month. But collectors "harassed" him anyway, and in late 2001 "started sending back the checks." "I tried to work something out with Bridgeport," he said. "I wanted to pay but they didn't want to hear it." He said that the Hospital attorneys told him "You have to pay \$900 a month' and I said, 'How am I going to do that when I can't pay \$600 a month for insurance!'"

He said he applied for Bridgeport Hospital's free care program twice. The first time, he said, "I sent the paper in applying for free care. They said they never received it." The second time, in October 2000, Bridgeport Hospital denied the application "because you are over-income because of your savings and credit union accounts," even though the family only had enough cash on hand to pay a few bills, a couple hundred dollars in a checking account and \$2,000 in savings.

Bridgeport refused Mr. Padua's request for a discount on his bill. Then, in early 2002, the Hospital went to court, won a judgment, and put a lien on the family's condo. Mr. Padua had to make a \$7,500 "down payment," and now must pay \$434 a month, including interest, towards the remainder. Mr. Padua said the attorneys told him at the court hearing, "if I miss one payment, that they'll take the house."

Mr. Padua said that because of the bill, he couldn't send one of his children to pre-school. His family is bursting at the seams of their condo, but he can't move to a home with the space they need because of the lien. "I haven't been able to make them comfortable," Mr. Padua said. "I work hard and I ought to be able to."

Angella Jackson



In 1996, Angella Jackson, a 41-year-old Jamaican immigrant and Bridgeport resident, arrived at Bridgeport Hospital's emergency room "in a lot of pain." "They had me come back the next week and did the surgery," for gallstones, resulting in a \$6,700 bill.

That year, Ms. Jackson said, "I'd lost my job and I didn't have insurance." By the time a friend told her about the state HUSKY program and her application was approved, it was too late to receive retroactive coverage. Even though she was on unemployment, she said, Bridgeport Hospital didn't offer her charity care. "If help is there for the people, why won't they give it to the people who need it?" said Ms. Jackson. "At that time, I needed help."

Persistent financial troubles gave the Jackson family little hope of paying \$6,700, despite good intentions. "I was going to pay \$50 a week," said Ms. Jackson. But when feeding her four children and repairing a broken sewer line meant she had to choose between her mortgage and the hospital bill, she chose the mortgage. In 1997, Bridgeport sued her and won a judgment for the full bill plus \$200 in court costs. A few months later, the Hospital drained a family bank account, even though it only held \$239. In 1999, the Hospital put a lien on the family's home.

Ms. Jackson and her daughter, both severely asthmatic, continued to rely on Bridgeport Hospital's emergency room for treatment of frequent asthma attacks. To her astonishment, Bridgeport's lawyers began dunning her for two asthma treatments in 2001, even though she thought the family should have been covered by HUSKY. "The hospital didn't try" to inform her of coverage problems. "There were no phone calls from the hospital. Just the lawyer's letter. They didn't call me to tell me about the bill or that HUSKY had lapsed."

In order to respond quickly when their daughter suffers an asthma attack, Ms. Jackson and her husband operate a carry-out restaurant near their daughter's school. When the economy slowed down, so did business. This spring, faced with closing down, the Jacksons sought to refinance their home and use the proceeds to upgrade and promote the restaurant. However, Bridgeport Hospital took a chunk of the refinancing proceeds to clear the lien, leaving the family with less money to save the restaurant and higher mortgage payments. Even worse, just as they closed on the new mortgage, Bridgeport Hospital's lawyers put a new, \$1,310 lien on the house for the 2001 asthma treatments.

Ironically, Ms. Jackson once held a job doing collections for a luxury car dealership. In her experience, Bridgeport Hospital's collectors "were more aggressive" than the car dealership, where she would try to cooperate with debtors, sending out a letter saying "Please let me know if you want to set up a payment schedule." Bridgeport's collectors, on the other hand, "were always on me," saying "This is a debt and you have to pay it," or "We did a search and we know you own a property." Bridgeport Hospital, says Ms. Jackson, "should do it another way. They shouldn't try to take your home."

"If help is there for the people, why won't they give it to the people who need it?"

Elsie Jackson



Elsie Jackson, 65 years old, lives in Bridgeport with her daughter on \$155 a month from Social Security. In July 2002, Ms. Jackson said, her stomach became increasingly swollen, so her family physician sent her to Bridgeport Hospital to get an X-ray. The diagnosis was cancer, and the Hospital scheduled her for surgery a week later. She was discharged after five days, but, after a week at home, she became very ill with complications and returned to the Hospital for another five days. Since then, the cancer has not returned. “The doctor told me I’m a lucky woman,” she said. Except that now, Bridgeport Hospital is suing her for \$5,300, plus interest.

“I’m scared to go again, because I don’t want a big bill.”

Ms. Jackson applied to HUSKY for help with her bill, and in December 2002, when HUSKY turned her down, applied to Bridgeport Hospital for free care. In April 2003, Bridgeport denied her application because she had not provided a “valid state denial,” although she couldn’t understand what she did wrong. Meanwhile, Ms. Jackson said, Bridgeport was “sending bills all the time.” She has no idea how, with her tiny income, she could be expected to pay the Bridgeport Hospital bills, but nevertheless, Bridgeport is now taking her to court over the bill.

Ms. Jackson is so dismayed and intimidated by the lawsuit, she is reluctant to comply with her doctor’s order to return for yearly checkups. “I’m scared to go again, because I don’t want a big bill,” she said.

BRIDGEPORT HOSPITAL V. COMMUNITY

“I, Marc Ortiz (pseudonym), admit that I owe Bridgeport Hospital \$851 for medical services,” wrote one patient to the court. “I will do my best to pay \$10 to \$20 a month, the reason for this small amount is because I am not working due to my medical conditions.” His wife wrote, “I Lucia Ortiz (pseudonym), want to let the court know that I cannot pay because I live off my Social Security Administration check, which is barely enough to get by.” In this case, the judge not only ruled in Bridgeport Hospital’s favor but also nearly doubled the \$2,889.19 bill by adding \$2,481 in costs, legal fees and interest.

The court files contain evidence of wholesale pursuit of uninsured patients with no ability to pay.

In the 3.5 years from January 2000-June 2003, Bridgeport Hospital sued 421 debtors in civil court⁵ and thousands of debtors in small claims court (for amounts of \$3,500 or less).⁶ Filings show that the Hospital even pursues credit-wrecking judgments for bills of less than \$200.

The approximately 100 Superior Court cases reviewed for this study contain many vignettes of misery: of garnished wages that were needed to feed and house families, of bank accounts emptied of the few hundred dollars that might have covered a family’s monthly bills. “I Melinda Blair (pseudonym) cannot afford 100/month,” wrote one debtor, a homecare worker, who faced a 25% wage garnishment for a \$6,000 bill. She explained how her financial pressures arose after she was “evicted from Bpt Housing” and “had to buy a furnace” for her new place “so my children won’t be cold,” adding that she also had to pay a \$585 gas bill. (Following this plea, the court issued an order to reduce her wage garnishment to \$50 a month.)

The court files contain evidence of wholesale pursuit of uninsured patients with no ability to pay. In one recent case, Bridgeport Hospital realized only *after* going to court and winning a collection judgment that the debtor was homeless. The Hospital ulti-

mately filed a motion to “Reopen and Vacate” the case: “The Plaintiff, Bridgeport Hospital, respectfully requests that the Judgment entered by the Court be opened and vacated, as the Defendant is a homeless man.”

In addition, Bridgeport Hospital repeatedly sent attorneys after insured patients who needed help addressing simple billing errors. Wrote one debtor who owed thousands, fighting to save the \$343 in her bank account from execution: “When this bill was incurred I was working for Bradlees and Health Choice should have paid these bills. Don’t understand why I’m being billed.” (Bridgeport Hospital succeeded in taking the debtor’s \$343.)

A CHARITABLE MISSION?

As a non-profit hospital, Bridgeport Hospital receives a valuable tax exemption, in exchange for which it is required by the government to provide free care and benefit disadvantaged populations in its host community. Bridgeport also receives millions each year in subsidies from state and federal programs to reimburse it for free care and bad debt expenses.

In addition, Bridgeport Hospital controls donated trusts, known as “free bed funds,” which it is required to use only for free care. Bridgeport reported \$9.2 million in free bed funds at the outset of Fiscal Year 2002, giving it the third largest free bed fund endowment in the state (after Hartford Hospital and Yale-New Haven Hospital). That year Bridgeport spent \$300,000 from the funds, or 3.3% of the endowment’s value, well below the statewide average free bed fund expenditure of 5.2%.⁷

Debtor interviews and court files show that Bridgeport Hospital did not consistently inform patients in need of its free care resources. A lack of patient knowledge about Bridgeport’s obligation to offer free care and its free bed fund endowment was pervasive.

Applying for free care

Even for those patients who knew about Bridgeport’s free care resources, the application process was daunting, and some debtors interviewed were rejected in spite of dire need. Homeownership or a few hundred dollars in the bank was enough to lead to denial.⁸

In one egregious case, Matthew Jones (pseudonym) applied and was approved for free care in 2000 to cover his deceased sister’s \$44,235 bill. The sister had been an uninsured, full-time foster parent, and Bridgeport’s approval of the free care application stated that “Her annual income was well below the income guidelines” to qualify. However, Bridgeport’s attorneys proceeded with a lawsuit against her estate for the full bill plus \$10,400 in back interest, winning a default judgment. In a hearing to determine the award, when Mr. Jones brought up the free care approval, a Bridgeport representative claimed that they had rescinded the charity because Mr. Jones’ sister had received rental income, although they had no actual knowledge of how much. (The rental property was losing money and its mortgage was in foreclosure. An arbitrator found in favor of Mr. Jones when presented with the facts.)

The Bridgeport Hospital free care application Mr. Jones entered as evidence during the proceedings is six pages long, confusing and intimidating.

Requirements of Bridgeport Hospital free care application:⁹

* Listing of “potential assets”: life insurance, “pending inheritance,” “anticipated tax refund”;

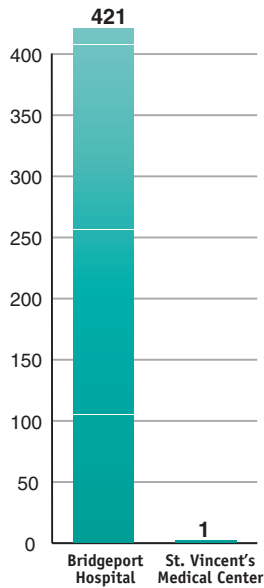
* Listing of all transfers of “real estate, personal property, cash or other assets” from anyone in “the family unit” to “anyone else” for the previous two years;

* Information on the “alien status” of non-U.S. citizens;

* Answer to question: “Are you willing to comply with a lien requirement?”

It requires disclosure of a demanding range of personal, income and asset information (see box), and even ominously asks the applicant, “Are you willing to comply with a lien requirement?”

Collections cases filed in Superior Court Jan. 1 '00-June 19, '03¹¹



Source: Connecticut Court Operations, Caseflow Statistics.

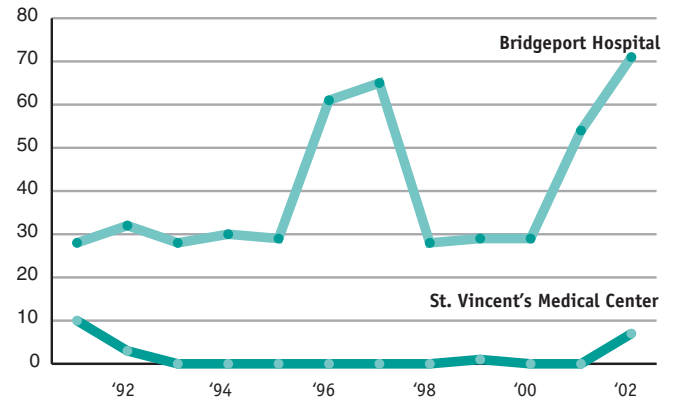
PEER COMPARISON

The sincerity and diligence with which some non-profit hospitals face the community obligation their tax-exemption brings varies enormously, as witnessed in the uncharitable behavior of Yale-New Haven Hospital, and as evinced in a comparison of Bridgeport Hospital and St. Vincent's Medical Center.

St. Vincent's Medical Center, the other acute care hospital in the city of Bridgeport, upholds its charitable commitment by forgoing unsavory collections tactics. In contrast to the 421 civil collections lawsuits Bridgeport Hospital filed from January 1, 2000 through June 20, 2003, St. Vincent's filed one.¹⁰ Also, St. Vincent's rarely resorts to liens on patients' homes: **while Bridgeport Hospital filed 353 liens against patients in the city of Bridgeport from 1993 through 2001, St. Vincent's filed just one.** Although it is

unfortunate that in 2002, St. Vincent's filed seven liens, this pales in comparison to Bridgeport Hospital's 71 liens

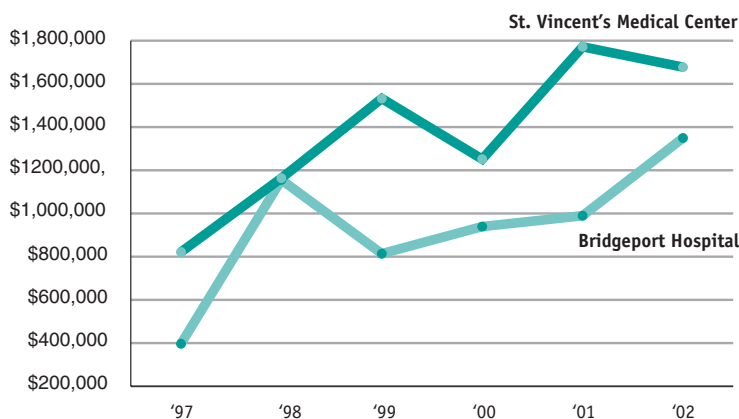
Liens filed per year in the City of Bridgeport (1991-2002)



Source: City of Bridgeport land records.

St. Vincent's also consistently outperforms Bridgeport Hospital in the amount of free care it provides to patients in need. Over the six years for which data is available, St. Vincent's Medical Center provided a total of \$8.2 million worth of free care—an average of \$1.4 million a year—46% more than Bridgeport Hospital's total free care value of \$5.6 million—an average of just \$933,000 a year.

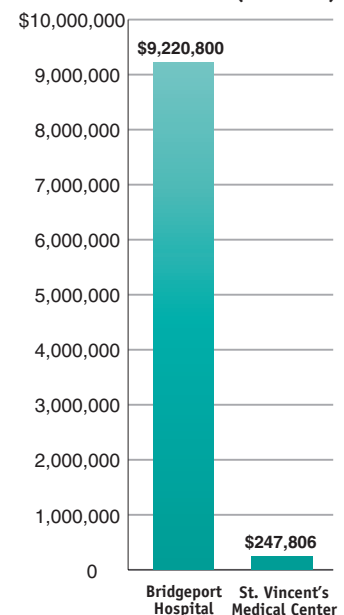
Value of free care provided, Bridgeport Hospital and St. Vincent's



Source: Schedule 300 from annual reports to Office of Health Care Access. Value of free care is estimated based on each institution's average relation of costs to gross charges.

from the state government as reimbursement for “uncompensated care” (bad debt, free care and Medicaid shortfall). In Fiscal Year 2002, Bridgeport Hospital received \$10.6 million in such reimburse-

Total free bed funds (FY 2002)



Source: Attachment 23, annual reports to Office of Health Care Access.

Difference in size does not account for the disparity in charitable performance between the two hospitals (Bridgeport Hospital is 6% larger than St. Vincent's Medical Center¹²), nor does mission and obligation. Both are non-profit institutions, exempt from taxation and obligated to provide charity care. Both receive substantial “disproportionate share hospital” (DSH) subsidies

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ments, while St. Vincent's received \$8.0 million.¹³

Bridgeport Hospital even has a distinct advantage over St. Vincent's: a \$9 million free bed fund endowment, the state's third-largest such endowment. St. Vincent's free bed funds only amount to \$250,000.¹⁴

IS THE YALE-NEW HAVEN TAKEOVER RESPONSIBLE?

Hospital officials like to describe Yale's expansion to Bridgeport in terms of community benefits. Robert Trefry, CEO of Bridgeport Hospital, said of the July 2, 1996 takeover: "This will benefit our patients, our physicians and the community at large."¹⁵ *Business Times New Haven* even announced the finalization of the affiliation with the headline: "The Yale-New Haven Health System created to benefit community."¹⁶

Trade publications, on the other hand, describe the advantages of expansion for Yale-New Haven Hospital and the Yale School of Medicine in more tangible terms. "Like the many other academic medical centers in the East Coast's crowded health-care markets," wrote *Medical Industry Today*, "Yale must build its own non-profit network to assure a steady supply of patients and referrals to its high-level specialists, to gain managed care contracts with insurers and to cut costs through economies of scale."¹⁷

In recent years, many American hospitals (for-profit and non-profit alike) have sought to form integrated systems in order to control larger market shares, cut overhead and purchasing costs, and leverage improved payment rates from insurers. Yale-New Haven Hospital joined this trend, forming the Yale-New Haven Health System, with the takeover of Bridgeport Hospital in 1996 and Greenwich Hospital (Greenwich, CT) in 1998. Yale-New Haven also affiliated with Westerly Hospital (Westerly, RI) and Norwalk Hospital (Norwalk, CT) in the late 1990s for the purpose of managed care bargaining, but did not acquire control over their governance structures.¹⁸ (Norwalk Hospital has since backed out of this alliance.) By 2001, the Yale-New Haven Health System had amassed \$1.56 billion in accumulated assets, making it the largest health system in the state.¹⁹

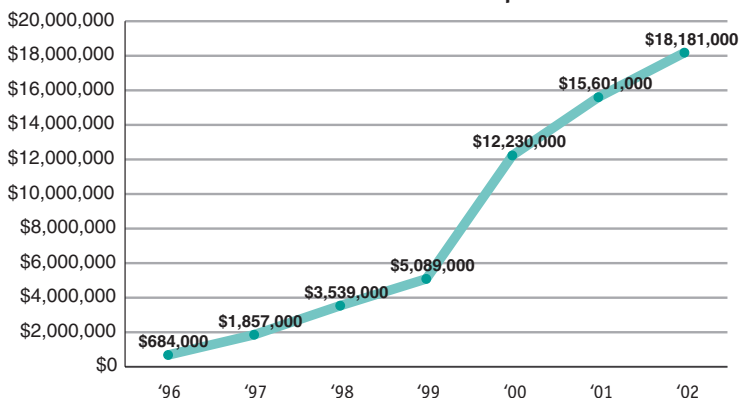
Integration of governance and finances

Yale-New Haven Health's website states that the System administrators "maintain local autonomy to ensure health care services are provided in a manner that best suits the unique needs of each community." In reality, the Yale-New Haven Health's

board—dominated by Yale-New Haven Hospital and Yale University officers and directors²⁰—controls final decision-making power over Bridgeport Hospital's administration and operations. Bridgeport maintains a separate board of trustees, but Yale-New Haven Health is the sole governing "member/shareholder" of its parent entity, Bridgeport Hospital & Healthcare Services²¹—making Bridgeport Hospital a wholly controlled subsidiary of a subsidiary of the System. According to Bridgeport's post-takeover Audited Financial Statements, Yale-New Haven Health "approves the Hospital's strategic plans, operating budgets,

Yale-New Haven Health's board controls final decision-making power over Bridgeport Hospital.

Bridgeport Hospital annual cash transfers to Y-NH Health and Y-NH Hospital



Source: Bridgeport Hospital Audited Financial Statements.

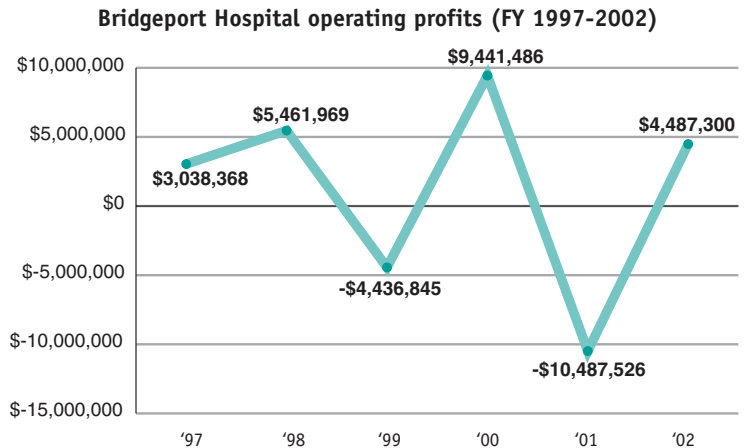
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capital budgets, and Board of Directors' appointments.”

Since the takeover, Bridgeport Hospital has sent tens of millions of dollars to the Yale-New Haven Health System for “management and system fees” or vaguely described “services.”²² The amount transferred has skyrocketed each year, arriving at \$16.5 million in Fiscal Year 2002, plus an additional \$1.7 million directly to Yale-New Haven Hospital. **From Fiscal Years 1996-2002, Bridgeport Hospital transferred a total of \$57,181,000 to Yale-New Haven Health and Yale-New Haven Hospital.**

Possible uses of these transfers include: Yale-New Haven Health System Business Office billing and collection services (see below); Yale-New Haven Health's executive salaries (CEO Joseph Zaccagnino received \$456,946 from Yale-New Haven Health in Fiscal Year 2001 to supplement his \$518,689 worth of salary and benefits from Yale-New Haven Hospital) and the “YNHH Executive Supplemental Retirement Fund” (worth \$3.5 million in Fiscal Year 2001)²³; capital for the System's potential expansion or other projects.²⁴ The transfers impact Bridgeport Hospital's profit margins, which have been erratic since the Yale affiliation.



Source: Schedule 300 to annual reports to Office of Health Care Access, “Gain/(Loss) From Operations.”

Collections department outsourced to Yale-New Haven

Bridgeport Hospital's integration into the Yale-New Haven Health System is nowhere more evident than in its billing and collections. Bridgeport Hospital and Yale-New Haven Hospital have shared the same collections department at least since April 1999, when Yale-New Haven Health installed a new joint patient information and billing computer system to replace the hospitals' separate systems.²⁵ (Greenwich Hospital's computer system and billing department remained separate).

Bridgeport now essentially outsources all of its “self-pay” collections—all uninsured and underinsured accounts, including patients with pending Medicaid applications—to the “collection section” of the Yale-New Haven Health System Business Office, according to Bridgeport and Yale-New Haven Hospital's joint “Credit and Collections Policy.”²⁶ (Again, Greenwich's collections policy remains separate.) From there, the account is billed, and if not paid in full within 90 to 120 days, is considered “bad debt” and turned over to “agencies or attorneys.” From that point on, the debtor may be subject to aggressive collection, including lawsuits, liens and wage garnishment.

In fact, Bridgeport Hospital and Yale-New Haven Hospital affiliates own and receive services from a for-profit collections agency, Century Financial Services. When Century Financial Services turns a profit, as it did in Fiscal Year 2002, the Yale-New Haven Health subsidiaries even receive a shareholder payout, in addition to what the hospitals receive from collections.²⁷

Bridgeport now essentially outsources all of its “self-pay” collections to the Yale-New Haven Health System Business Office.

Bridgeport and Yale-New Haven Hospital now share the same "Yale-New Haven Health Policy on Charity Care."

Merged charity policy and governance of free bed funds

Bridgeport and Yale-New Haven Hospital now share the same "Yale-New Haven Health Policy on Charity Care," which states: "Bad debts result from a patient's unwillingness to pay their healthcare bills, whereas charity care is recognized by a patient's demonstrated inability to pay."²⁸ Bridgeport Hospital's current free care application is virtually identical to Yale-New Haven Hospital's, with an income cutoff of 250% of the federal poverty guidelines.

According to the policy, a manager at the System Business Office evaluates applications for free bed funds at both Yale-New Haven and Bridgeport Hospital. In February 2003, the Connecticut Attorney General filed a lawsuit against Yale-New Haven Hospital over its alleged misuse of its free bed funds. (Greenwich Hospital maintains a separate, in-hospital committee to determine eligibility for its free bed funds.)

Increased use of Yale's preferred lawyers

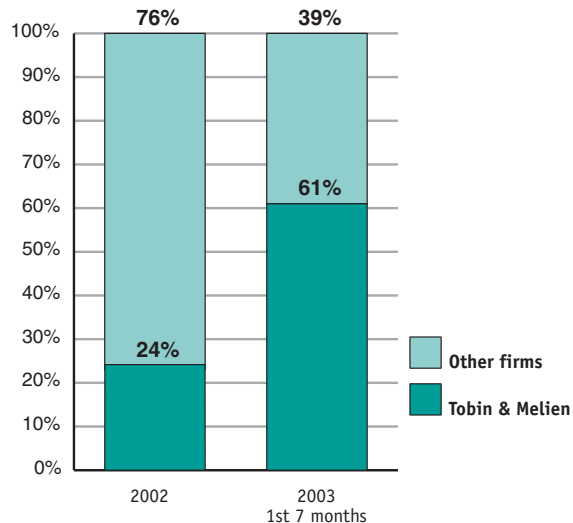
Yale-New Haven's recent influence over Bridgeport Hospital's collections may explain Bridgeport's increasing reliance on the notorious collection law firm Tobin & Melien. Yale-New Haven Hospital and the Yale School of Medicine have been referred to as Tobin & Melien's two largest clients²⁹; in Fiscal Year 2001, the firm was Yale-New Haven Hospital's highest paid contractor, receiving \$2.1 million.³⁰ For years, the firm has handled the bulk of the Yale academic medical center's civil collections cases.³¹

The firm's "hardball" tactics and pursuit of hospital patients' homes through foreclosure has been described in numerous *New Haven Advocate* articles and in *Uncharitable Care*. According to the *Advocate*, court statistics showed that across three years, while Tobin & Melien filed dozens of foreclosure lawsuits on Yale-New Haven's behalf, a random sample of other hospitals found no foreclosure lawsuits. "Few, if any hospitals use those tactics, except Yale-New Haven."³²

Tobin & Melien and its predecessor firm were responsible for the infamous 20-year pursuit of 78-year-old Bridgeport resident Quinton White for a \$18,000 Yale-New Haven Hospital bill. In spite of his faithful monthly payments, executions by Tobin & Melien of his entire retirement savings, and the lien on his home, Mr. White's bill had grown to \$45,000 by 2002 due to exorbitant interest charges. A prominent exposé of this tragic saga in the *Wall Street Journal* in March 2003 finally convinced Yale-New Haven to clear Mr. White's debt.³³ That spring, the White case was the benchmark of injustice used by state legislators who worked to pass new laws to curtail unfair hospital collections. "The bill before us today," said Senator Chris Murphy when introducing S.B. 568, *An Act Concerning Hospital Billing Practices*, to the Senate Floor, "I think I can say, without hyperbole, makes sure that what happened to Quinton White will never happen again in this state."³⁴

Available data on the Connecticut Judicial System website shows that Tobin & Melien did not represent Bridgeport Hospital in new collections lawsuits in 2000 or 2001. Since 2002, the firm has handled a rapidly growing

Bridgeport Hospital civil collection cases handled by Tobin & Melien



Source: Connecticut Judicial System website, 8/1/03.

share of the Hospital's collections. Tobin & Melien filed 24% of Bridgeport Hospital's civil cases in 2002, and 61%—a majority—in 2003 (as of August 1).³⁵ Small claims dockets show that Tobin & Melien represented Bridgeport Hospital against 15% (158 out of 1,061) of all debtors who received judgments in 2002, and in the first six months of 2003, 47% (448 out of 956).³⁶

Increased aggressiveness in collections

Data on Bridgeport Hospital's use of liens suggests that the aggressiveness of its collections practices has escalated significantly since the Yale-New Haven takeover.³⁷

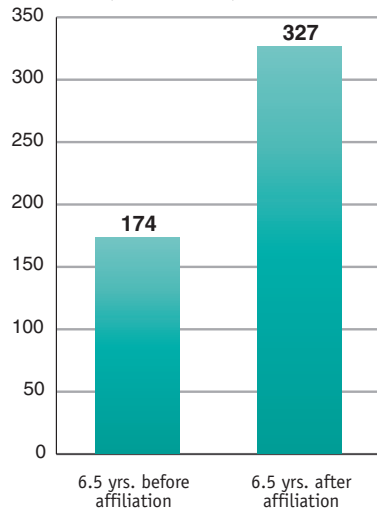
A legal form of financial coercion, residential property liens allow creditors to collect their proceeds when debtors sell or refinance their homes, and also aggravate debtors' financial ills by appearing on credit reports. Liens are an inappropriate method for a charitable hospital to collect involuntary medical debts, as they attack homeownership—a key form of neighborhood stabilization and a stepping-stone to the middle-class—and devastate credit records for as long as 7 years after they are paid off.

During the six-and-a-half year period from Bridgeport Hospital's affiliation with Yale-New Haven Health in July 1996 until the end of 2002, the Hospital placed 327 liens and attachments on homes in the city of Bridgeport alone. **This is an 88% jump over Bridgeport Hospital's use of liens in the equivalent period before the affiliation.**

There was a marked upsurge in Bridgeport's use of liens immediately after the Yale-New Haven takeover. In the eighteen months following the affiliation, Bridgeport Hospital filed an average of six new liens per month in Bridgeport, tripling its pre-takeover average of two liens per month. The number of liens filed then went back to lower levels from 1998-2000 (about 30 per year), but again

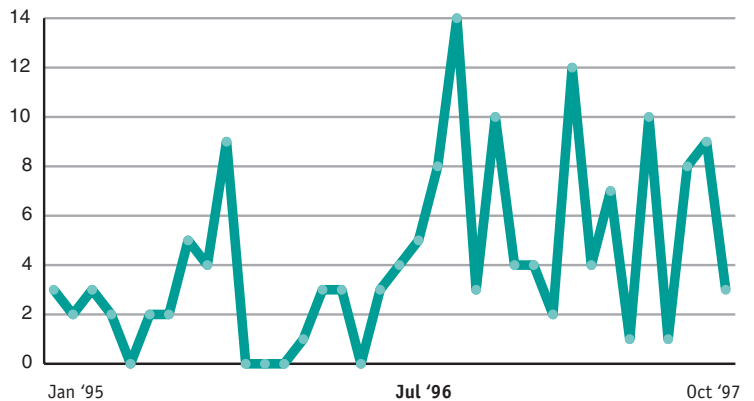
skyrocketed during the past two and a half years (see above comparison with St. Vincent's Medical Center for this trend-line). In the first four months of 2003, Bridgeport Hospital had already filed 36 liens in Bridgeport.

Bridgeport Hospital liens, before and after the 7/2/96 Y-NHHS takeover (1990-2002)



Source: City of Bridgeport land records.

Bridgeport Hospital liens filed per month in Bridgeport, before and after the 7/2/96 Y-NHHS takeover (1995-1997)



Source: City of Bridgeport land records.

CONCLUSION

Containing an epidemic of uncharitable care

Since the charity scandal at Yale-New Haven Hospital broke in the spring of 2003, the demands of community leaders and debtors to hold meetings with the Yale-New Haven board of trustees have been rebuffed. Instead, Yale-New Haven announced unilateral reforms, some addressing key areas of concern raised by CCNE, such as “limiting collection” of excessive interest charges, excluding court costs from bills, and refraining from foreclosure on homes. But, the reforms were largely vague promises, with major gaps and shortcomings, no public timetable for implementation and no mechanism of accountability.

Now, Bridgeport Hospital has added a new chapter to the unfinished story of uncharitable care at Yale-New Haven. Bridgeport Hospital has sent attorneys after some of Bridgeport’s most economically downtrodden residents, and has burdened families struggling to build a middle-class existence with insurmountable debt. In order to fulfill its charitable obligations, Bridgeport Hospital should immediately:

- Provide an amnesty for all currently outstanding debts;
- Refrain from the use of aggressive tactics such as lawsuits, wage garnishments, bank executions and liens;
- Overhaul its process for identifying and enrolling free care-eligible patients, beginning with immediate outreach to patients about the availability of charity resources;
- Provide access for community leaders and debtors to meet with the Hospital board of trustees and provide community oversight to ensure accountability in the reform process.

However, Bridgeport Hospital will not be able to implement these recommendations without the approval of its parent corporation, Yale-New Haven Health System. Officials and directors of Yale-New Haven Hospital and Yale University wield disproportionate power on the Yale-New Haven Health System board of directors, which in turn controls final decision-making power over Bridgeport Hospital. Yale-New Haven Health also directly controls Bridgeport’s collections department and determines Bridgeport Hospital’s charity care policy.

The Yale-New Haven Health System therefore must be held accountable for the charity reforms desperately needed at both Bridgeport Hospital and Yale-New Haven Hospital:

- Community leaders and advocates for the uninsured should oppose Yale-New Haven Health’s expansion until thorough and transparent charity and collection reforms are enacted system-wide;
- Yale-New Haven Health’s board of directors should hold regular open meetings with the community, beginning with emergency meetings in New Haven and Bridgeport to negotiate a transparent process of charity reform.

NOTES

1 *New Haven Register*, "Hospitals merging health care," by Alvin Powell, 7/3/1996.

2 *Modern Healthcare*, "Conn. system grows: Yale New Haven forms link with Greenwich Hospital," 6/9/97.

3 YNHH said it had closed 170 accounts, out of approximately 10,000 outstanding, by the time of the policy announcement. According to the *New Haven Register*, YNHH stated that the 170 accounts "were written off for a number of reasons: they were close to being paid off; the responsible parties could not be found, or for what they called 'unique circumstances.'" (*New Haven Register*, "Coalition urges Y-NH to go a step further and cancel all patient debts," by Mary O'Leary, 5/9/03.) No further criteria were disclosed for which debts would be cancelled during the review process.

YNHH's pledged reforms also included promises to refrain from foreclosure, require attorneys to obtain pre-approval before placing liens on homes, eliminate court costs from bills, "limit interest collection on patient accounts," and implement a sliding scale for uninsured patients "subject to legal and regulatory review and approval." Letter from Marna Borgstrom, YNHH Chief Operating Officer, to Connecticut legislators, 5/6/03.

The New Haven case study led other community groups to examine the charity care performance of Hartford-area hospitals, led by the group Building Parent Power, resulting in additional local reforms: *New York Times*, "At Hospitals, a Cushion for the Poor," by Jane Gordon, 6/8/03.

4 Based on total patient days for Fiscal Year 2001, data from the Office of Health Care Access.

5 Connecticut Court Operations, Caseflow Statistics.

6 Lexis-Nexis public record search

7 Bridgeport Hospital Attachment 23 to FY 2002 annual report to the Office of Health Care Access; Connecticut Health Policy Project, Policymaker Brief No. 7, July 2003, "CT Hospital Free Bed Funds - 2002."

8 The abbreviation-laden notation on one "self-pay" patient's billing statement shows this discernment in practice: "Patrice @Atty Simko's ofc confirmed thy have BH acc't will begin suit this month, as pt owns property @[street address] Bpt. Ct." Also see the story of Ralph Padua in this report.

9 Application current as of 2000.

10 Connecticut Court Operations, Caseflow Statistics.

11 Data from State Court System Caseflow Statistician

12 Based on total patient days for Fiscal Year 2001, data from the Office of Health Care Access.

13 These figures do not include DSH subsidies from the Medicare program. Connecticut Department of Social Services, DSH Payment Report, FY ending 9/30/02.

14 Free bed fund balances at the beginning of Fiscal Year 2002, according to Attachment 23 to annual reports to the Office of Health Care Access.

15 YNHHS News Release, "Yale-New Haven Health System Expands Through Affiliation," 7/2/1996.

16 *Business Times New Haven*, "The Yale-New Haven Health System created to benefit community," by Karen Donnelly, December 1996.

17 *Medical Industry Today*, "Greenwich Hospital Goes to Yale New Haven," 7/11/97. Bridgeport Hospital also serves as a teaching hospital for Yale: "All Bridgeport Hospital residency programs are affiliated with the Yale University School of Medicine. Yale medical faculty

make rounds, give lectures, and patient consultations.”
<http://www.bridgeporthospital.org/gme/aboutus/yale.html>.

18 http://yalenewhavenhealth.org/s_about/managed_care.html

19 http://12.31.13.50/s_about/profile.html#profile

20 FY 2001 IRS Form 990 for Yale-New Haven Health Services Corporation (the parent entity for the entire Yale-New Haven Health System). The bylaws of Yale-New Haven Health accompanying the Form 990 state that the CEO and President of Yale-New Haven Health must also be the CEO of Yale-New Haven Hospital, subject to the approval of Yale-New Haven Hospital's board. The CEO of Yale-New Haven is also ex-officio a voting member of all committees (including the nominating and compensation committee) of the System's board. In addition, the nominating committee of the System's board, which is permitted 5 to 7 members, has ex-officio seats for the chairman of Yale-New Haven Hospital, the president of Yale University, and the chairman of Bridgeport Hospital's parent entity, and "All other members of the Nominating Committee shall be named subject to the consent of the Chair of the Board of Trustees of YNH [Yale-New Haven Hospital], and at least one of the non-Ex Officio members of the Nominating Committee shall be a Trustee of YNH."

Apart from the nominations of the Yale-heavy nominating committee, the bylaws provide that the chairman of Yale-New Haven Hospital appoints at least nine trustees to the Yale-New Haven Health board; the president of Yale University appoints at minimum three trustees; while the parent entities of Greenwich Hospital and Bridgeport Hospital appoint one trustee each.

21 Formerly Southern Connecticut Health System. Yale New Haven Health Audited Financial Statements, Fiscal Year 2002.

22 Bridgeport Hospital Audited Financial Statements, Fiscal Years 1997-2002.

23 Fiscal Year 2001 IRS Form 990s for Yale-New Haven Hospital and Yale-New Haven Health Services Corp.

24 Yale-New Haven Health co-funds a Clinical Program Development Fund which gives out grants to Yale School of Medicine faculty for joint clinical research. The fund gave out \$17.6 million in grants in 2001. Yale News Release, "New Clinical Development Fund Awards \$17.6 Million in Grants for Yale-New Haven Medical Center," 5/3/01.

25 *Bulletin, the Newsletter of Yale-New Haven Hospital*, "New admission and billing system ready to launch in April," 3/18/1999.

26 Yale-New Haven Health Credit and Collection Policy, last revised 2/25/02, Attachment 22 to Yale-New Haven Hospital FY 2002 annual report to the Office of Health Care Access.

27 Bridgeport Hospital and Healthcare (Bridgeport Hospital's parent entity, which is controlled by Yale-New Haven Health) and a for-profit subsidiary of Yale-New Haven Hospital, York Enterprises, each own 30% of the stock of Century Financial Services, giving Yale-New Haven Health majority control. Yale-New Haven Health Audited Financial Statements, FY 2002.

28 Yale-New Haven Health Policy on Charity Care, September 2001, Attachment 22 to Yale-New Haven Hospital FY 2002 annual report to the Office of Health Care Access.

29 *The Connecticut Law Tribune*, "Orange Street Shuffle," 8/21/1995.

30 Yale-New Haven Hospital FY2001 IRS Form 990.

31 *New Haven Advocate*, "Heartless Hospital," by Paul Bass, 4/17/03.

32 *New Haven Advocate*, "Heartless Hospital," by Paul Bass, 4/17/03; "Heartless hospital, Cont'd," by Paul Bass, 7/10/03.

33 *The Wall Street Journal*, "Twenty Years and Still Paying: Jeannette White is long dead but her hospital bill lives on," by Lucette Lagnado, 3/13/03; *The Wall Street Journal*, "After 20 Years and \$16,000, a Hospital Debt is Cancelled," by Lucette Lagnado, 4/1/03. For a list of and links

to all media coverage of the Yale-New Haven Hospital charity controversy, see http://ctneweconomy.org/hdjp_press.

34 Connecticut General Assembly Senate proceedings transcript, May 28, 2003. <http://www.cga.state.ct.us/2003/trn/S/2003STR00528-R00-TRN.htm>. S.B. 568 became law in July 2003. Its provisions include the lowering of the maximum judgment interest on hospital debt from 10% to 5%, and strong disclosure requirements to ensure that uninsured patients receive access to available charity resources before they can suffer legal pursuit.

35 These percentages are estimates based on statewide civil dockets available at <http://www.jud2.ct.state.us> on 8/1/03. The online database is not exhaustive and does not include purged files, but all available dockets were examined for this estimate.

36 Based on records available in the Lexis-Nexis database of Connecticut judgments. Spouses are counted individually.

37 Although Connecticut's Office of Health Care Access annually collects detailed hospital financial data, it "purges" data over five years old, thus curtailing this study's ability to analyze years prior to the 1996 Yale-New Haven affiliation. Similar purging of Connecticut court records makes a historical analysis of the Hospital's litigiousness difficult.



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