

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2302

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2302

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall  
Operator's Signature

10/22/03

Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2302

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-27-03

Tape Number	Side A	Side B	Meter #
1	xxx		2400
Committee Clerk Signature <i>Lisa Van Berkom</i>			

Minutes: Chairman Mutch opened the hearing on SB 2302. All Senators present.

SB 2302 relates to late payment charges on medical or hospital bills.

Testimony in support of SB 2302.

Arnold Thomas, President of the North Dakota Healthcare Association. See attached testimony.

No questions from the committee.

Paul Morth, Vice President of Finance for Medcenter One, spoke in support of SB 2302. See attached testimony.

Senator Espegard: The problem that lies here is that people can pay one cent every ninety days on there bill and never pay it off.

No further questions from the committee.

Mike Tomasko, CEO of Mid Dakota Clinic and Administrator of the PrimeCare health group, Bismarck, North Dakota, spoke in support of SB 2302. See attached testimony.

No questions from the committee.

(meter no. 3673, tape 1, side A)

No opposition testimony.

Senator Espegard moved a DO PASS. Senator Krebsbach seconded.

Roll Call Vote: 7 Yes. 0 No. 0 Absent.

Carrier: Senator Espegard

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*Deanna Wallin*  
Operator's Signature

10/22/03

Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2302

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 02-04-03

Tape Number	Side A	Side B	Meter #
2		xxx	1578
Committee Clerk Signature <i>Lisa Van Berkum</i>			

Minutes: Chairman Mutch opened the discussion on SB 2302. Senator Heitkamp was absent.

SB 2302 relates to late payment charges on medical or hospital bills.

There was brief discussion among committee members.

Senator Nething moved to reconsider the action of DO PASS from 1-27-03.

Senator Krebsbach seconded.

Roll Call Vote: Voice Carry.- All in favor.

Amendments were proposed.

Senator Espegard moved to amend. Senator Every seconded.

Roll Call Vote: 6 yes. 0 no. 1 absent.

Senator Krebsbach moved DO PASS AS AMENDED. Senator Klein seconded.

Roll Call Vote: 6 yes. 0 no. 1 absent.

Carrier: Senator Espegard

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*Deanna Waller*  
Operator's Signature

*10/22/03*  
Date

**Roll Call Vote #:**

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

Senate **IBL** Committee☐ Check here for Conference Committee**Legislative Council Amendment Number**

### Action Taken

**Motion Made By**

### Seconded By

[illegible]**Total (Yes)**

**No**

**Absent**

## Floor Assignment

**If the vote is on an amendment, briefly indicate intent:**

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

**Operator's Signature**

Date \_\_\_\_\_

**REPORT OF STANDING COMMITTEE (410)**  
January 27, 2003 3:38 p.m.

Module No: SR-15-1151  
Carrier: Espegard  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2302: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends  
DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2302 was placed  
on the Eleventh order on the calendar.**

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall  
Operator's signature

10/22/03

Date

**Roll Call Vote #:**

## 2003 SENATE STANDING COMMITTEE ROLL CALL VOTES

Senate IBL 2302 Committee

☐ Check here for Conference Committee**Legislative Council Amendment Number**

Action Taken reconsider Action

Motion Made By Nothing Seconded By Krebsbach

[illegible]

Total (Yes) Voice carry No \_\_\_\_\_

**Absent** \_\_\_\_\_

**Floor Assignment**

**If the vote is on an amendment, briefly indicate intent:**

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Waller  
Operator's Signature

10/22/03  
Date

38327.0101  
Title.0200

Adopted by the Industry, Business and Labor  
Committee

February 4, 2003

2-5-3

PROPOSED AMENDMENTS TO SENATE BILL NO. 2302

Page 1, line 10, after the period insert "This subsection does not apply if other payment arrangements have been entered between the debtor and creditor or in cases of financial hardship as certified by the creditor."

Renumber accordingly

Page No. 1

38327.0101

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall  
Operator's Signature

10/22/03  
Date



Date: 2-4-03  
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2302

Senate IBL Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken move to Amend

Motion Made By Espegard Seconded By Every

Senators	Yes	No	Senators	Yes	No
7- Sen. Duane Mutch, Chairman	X		Sen. Michael Every <u>5</u>	X	
7- Sen. Jerry Klein, Vice Chairman	X		Sen. Joel Heitkamp <u>4</u>	A	
6- Sen. Duaine Espegard	X				
2- Sen. Karen Krebsbach	X				
3- Sen. Dave Nething	X				

Total (Yes) 6 No 0

Absent 1

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hallen 10/22/03  
Operator's Signature Date

Date:             
Roll Call Vote #:           

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 230**

Senate IBL 2302 Committee

☐ Check here for Conference Committee**Legislative Council Amendment Number**

### Action Taken

**Motion Made By**

## Seconded By

[illegible]

**Total (Yes)**

**No**

**Absent**

### Floor Assignment

**If the vote is on an amendment, briefly indicate intent:**

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

**Operator's Signature**

**Data**

**REPORT OF STANDING COMMITTEE (410)**  
February 5, 2003 1:24 p.m.

Module No: SR-22-1731  
Carrier: Espgaard  
Insert LC: 38327.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**SB 2302: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2302 was placed on the Sixth order on the calendar.**

Page 1, line 10, after the period insert "This subsection does not apply if other payment arrangements have been entered between the debtor and creditor or in cases of financial hardship as certified by the creditor."

Renumber accordingly

Date: 3-26-03  
Roll Call Vote #: 1

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

Senate 2302 Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Concur

Motion Made By Krebsbach Seconded By Klein

Senators	Yes	No	Senators	Yes	No
Mutch	X				
Klein	X				
Krebsbach	X				
Nothing	X				
Heitkamp	X				
Evans	X				
Espey	A				

Total (Yes) 6 No 0

Absent 1

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall  
Operator's Signature

10/22/03  
Date

2003 HOUSE HUMAN SERVICES

SB 2302

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall  
Operator's Signature

10/22/03

Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2302

House Human Services Committee

☐ Conference Committee

Hearing Date March 4, 2003

Tape Number	Side A	Side B	Meter #
1	x		0.4 - 36.3
2		x	23.2 - 44.4
Committee Clerk Signature <i>Sharon Kerpner</i>			

Minutes:

Arnold Thomas, President of the ND Health Care Association appeared in support stating this was introduced to address a problem that hospitals and clinics were encountering with current provision relative to people who have outstanding medical bills but who were using the current statute as a means to delay any kind of financial payment for those obligations. This is an attempt to collect unclaimed expenses for hospital or clinic bills.

Rep. Devlin: Please explain financial hardship. Answer by Mr. Tomasko: usually people who make a financial payment arrangement because of their financial situation.

Mike Tomasko, CEO of Mid Dakota Clinic and an Administrator of the Prime Care Health Group in Bismarck, supports with written testimony.

Rep. Pollert: So making a \$5.00 a month payment is okay? Answer: Yes, there is no minimum payment.

Rep. Pollert: Are you just going to charge interest?

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*Dennis Wallin*  
Operator's Signature

10/22/03  
Date

Page 2  
House Human Services Committee  
Bill/Resolution Number SB 2302  
Hearing Date March 4, 2003

Answer: We are hoping this bill will move those people who have the ability to pay and to make reasonable arrangements and if they do that, there will be no charge.

Questions by the committee regarding disputed claims, workers comp claims and being turned over to collections.

Rep. Uglem: One thing that bothers me, this subsection does not apply if other payment arrangements have been entered, does that negate minimum interest and everything else, any kind of agreement can be made?

Answer: Says any other financial agreements can be made.

Rep. Uglem: My concern is that they may sign an agreement unknowingly and this may charge a much higher interest rate and signing and doesn't know and would be allowable under this bill.

Answer: A patient arrangement can be made and they do not include interest or late payment fees and it says that payment arrangements supersede the interest rate, etc.

Rep. Potter: What would happen if the medical service was done say in April and didn't received a bill until October, What would happen, would we owe interest because it wasn't paid within the 90 days following the service?

Answer: If a provider were to sit on a bill for 6 months and then charge interest, I can't believe they would charge interest or late payment if they'd never sent it.

Dave Peske, ND Medical Assoc. appeared in support stating this is just trying to bring patients, clinics and hospitals together to make payment in a written agreement.

Tim Karske, Commissioner to the Dept. of Financial Institution appeared neutral on the bill stating he would like to see the committee to make it clear if a creditor can negotiate interest rate,

Page 3  
House Human Services Committee  
Bill/Resolution Number SB 2302  
Hearing Date March 4, 2003

clear rate of interest and would work with Scott Miller in the Attorney Generals Office on writing up an amendment.

Rep. Porter: Isn't the interest rate already covered by law?

Answer: Usually rates covered under NDCC 49-14.09 applies to non-regulated vendors, so your credit cards, there is no limit anymore in ND. Your credit cards could charge you 30-40% interest, a late payment charge and basically everything are basically unregulated. One of the concerns I have is if someone talks with a clinic and whether its in Fargo, Bismarck or Minot, the clinic might say I'm enter a payment arrangement and charge you 4%, that sounds like a really good deal, but if I knew that it was only 1%, maybe I wouldn't be so willing to negotiate that 1% rate to a 4% rate.

Cheryl Bersia, ND Human Rights Coalition appeared in opposition stating this change in law could really affect those that don't have insurance and there is no guidelines for financial hardship, which can only be given by the creditor.

Dave Kemnitz on behalf of himself appeared in opposition because he was in this situation years ago and stresses the same reasons that Cheryl brought up.

Rep. Porter: I believe what the Hospital Assoc. and Mr. Tomasko were trying to say in this is that if they come to terms with someone and those terms are less than what is already in statute, that they aren't going against the statute by saying that they can do something less than the statute and if we add language after the word "creditor" that makes it clear that are less than stated in this section or in case its a financial hardship that's certified by the creditor if that wont' do what they want it to do.

Rep. Weisz: I have concerns with higher interest rate.



Page 4  
House Human Services Committee  
Bill/Resolution Number SB 2302  
Hearing Date March 4, 2003

Rep. Niemeier: Mr. Tomasko said he is not going to charge interest, they just want to collect their money, but that isn't going to be true.

Rep. Price: Mr. Tomasko doesn't speak for every medical provider out there. I think those that were opposed just wanted to make sure that a client wouldn't negotiate a higher interest rate not realizing that they don't have to do that.

Rep. Price: I did not understand Mr. Karske on the bankrupt case in Fargo, what his issue was there.

Rep. Porter: There was a huge lapse in them acting on the accounts receivable where people weren't billed for 6 months and then all of a sudden people started getting statements and were asked to pay and expected to pay immediately.

Rep. Weisz: Feels that \$25.00 a month is pretty minimal especially if you have a \$20,000.00 hospital bill.

Rep. Price: Everybody likes the bill except they want to make sure that they don't negotiate for higher interest rate?

Rep. Porter: I don't mind the bill as is, its between the creditor & debtor and feels we shouldn't be stepping into that kind of private arrangement.

Rep. Uglem: I think we need the last sentence to keep people from paying \$25 every 90 days.

Rep. Price: Do we really need the last sentence? There is nothing in the first few sentences that doesn't say the provider can negotiate a smaller interest or anything else.

Rep. Niemeier: Doesn't see what is done or what isn't being done now.

Rep. Weisz: this is a late payment charge, last sentence means they can't put a late payment charge on in case of financial hardship.

Page 5  
House Human Services Committee  
Bill/Resolution Number SB 2302  
Hearing Date March 4, 2003

Rep. Weisz made a motion to move the amendments, second by Rep. Porter. Delete line 11, if other payments arrangements have been entered. Line 12 between the debtor and creditor or.

Vote: 13 - 0 - 0                      Passed

Rep. Porter made a motion for Do Pass as Amended, second by Rep. Devlin.

Vote: 13 - 0 - 0                      Rep. Wieland to carry the bill.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Waller  
Operator's Signature

10/22/03  
Date

Date: March 4, 2003

**Roll Call Vote #:**

## 2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES

House HUMAN SERVICES Committee

☐ Check here for Conference Committee**Legislative Council Amendment Number**

### Action Taken

**Motion Made By**

## Seconded By

[illegible]

**Total (Yes)**

(Yes)

13

**No**

0

**Absent**

0

### Floor Assignment

Rep

Wieland

**If the vote is on an amendment, briefly indicate intent:**

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Date \_\_\_\_\_

**REPORT OF STANDING COMMITTEE (410)**  
March 5, 2003 4:45 p.m.

Module No: HR-39-4041  
Carrier: Wieland  
Insert LC: 38327.0201 Title: .0300

**REPORT OF STANDING COMMITTEE**

**SB 2302: Human Services Committee (Rep. Price, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2302 was placed on the Sixth order on the calendar.**

Page 1, line 11, remove "if other payment arrangements have been entered"

Page 1, line 12, remove "between the debtor and creditor or"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-39-4041

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall  
Operator's Signature

10/22/03  
Date

2003 TESTIMONY

SB 2302

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna D. Hallmark  
Operator's Signature

10/22/03  
Date

**SENATE BILL 2302**  
**RELATING TO LATE PAYMENT CHARGES ON**  
**MEDICAL AND HOSPITAL BILLS**  
**before the**  
**Senate Industry, Business and Labor Committee**

Mr. Chairman and Members of the Committee, my name is Mike Tomasko, CEO of Mid Dakota Clinic and Administrator of the PrimeCare health group, here in Bismarck, North Dakota. I appreciate this opportunity to appear before you and to comment on this bill as introduced by Senator Krebsbach and Representative Keiser, and we appreciate your willingness to address this topic which for too long has been both difficult to administer and confusing both to us and the public we serve.

In 98% percent of the health insurance claims we file on behalf of our patients, those claims are adjudicated and paid by the insurer within ninety days from the date of service. The amounts left on the bill, if any, are deductibles, co-payments and co-insurance amounts that are the responsibility of the patient to pay under their health insurance contract. Under present legislation a patient can make a minimum payment one month and then not have to make another payment for the next several months, before the current law would allow a medical facility to charge a late payment fee or interest. Additionally, this is hard to incorporate into a computerized billing system utilized by most health care providers.

The legislation proposed today by Senator Krebsbach and Representative Keiser simplifies the process considerably. Patients sees the health care provider, claim is filed with insurance carrier, adjudicated and paid within the ninety day period, and remaining amounts are billed to the patient, and if patient fails to make payment or payment arrangements, the medical facility is free to impose a late charge or interest not to exceed one percent per month to a maximum of twenty-five dollars.

This is not dissimilar to other businesses, and in fact is far more generous, but appropriate given the complexity of some health insurance claims. I recently had a claim for a car accident, which was adjudicated by the insurance company within about 45 days, and I was then given thirty days to pay the deductible according to my car insurance policy. The same holds true for a claim I made several years ago for damage to my residence following the tornado that hit Bismarck, it took about six months to adjudicate the claim, and I was given about sixty days to make full payment of

the deductible amount.

Health care is not unlike any other business, in that we have bills to pay, salaries to pay, etc. I am reminded of a young man whose wife received a health care service from our facility, that service was NOT covered by insurance, and they had a balance of a little over four hundred dollars. They would make a twenty-five dollar payment every THREE months, which at that rate would take them about four years to pay the bill. When I inquired of the young man, he responded, "...you are the best deal in town." This is similar to a gentlemen who asked me to take a ride in his new vehicle, and the very next day I see his name on our late payment listing, he was making fifty dollar payments every three months on a twelve hundred bill; when I inquired, he too indicated that since we do not charge late fees or interest, he "...leaves us for last."

The Century Code amendment proposed here today would give health care the same leverage used by many other businesses, to encourage prompt payment by the patient of their co-payments, deductibles and co-insurance amounts, or in the alternative to make payment arrangements.

The above all being said, the intent of our support today, in no way removes our obligation and willingness to provide health care to the citizens of North Dakota, without regard to their ability to pay. Those truly in need of health care services, without the means to pay, will continue to have access to the health care services provided by Mid Dakota and the entire PrimeCare health group. In 2002, Mid Dakota's insurance discounts were fourteen million dollars, OUR CHARITY CARE TO THOSE WITHOUT INSURANCE OR THE MEANS TO PAY totaled three quarters of a million dollars for just Mid Dakota Clinic, almost ten million dollars for the entire PrimeCare health group. Our support for this legislation today, is simply to provide health care providers the same leverage available to other businesses to collect our bills in a timely manner, or to encourage payment arrangements, from those who are blessed with the ability to pay.

We at Mid Dakota Clinic and the PrimeCare health group, appreciate you allowing me to come before you today, and I would be pleased to answer any questions you might have.

**TESTIMONY  
BY  
PAUL MORTH  
IN SUPPORT OF  
SENATE BILL 2302**

**My name is Paul Morth. I am the Vice President of Finance for Medcenter One Health Systems in Bismarck. I appear in support of Senate Bill 2302.**

**Under the current version of North Dakota Century Code section 13-01-14, all creditors, except hospitals and medical providers, may charge, receive and collect a late payment charge of up to one and three-fourths percent per month on all money due on account from thirty days after the obligation of the debtor to pay has been incurred, if, when the obligation was incurred, the creditor did not intend to extend credit beyond thirty days and any late payment of the obligation was unanticipated.**

**Subsection 4 of section 13-01-14 only permits a late payment charge on medical or hospital bills if no payment has been made on the account within the last ninety days, and limits the late payment charge to one percent per month, to a maximum of twenty-five dollars per month.**

**With these limitations, a debtor is able to effectively prohibit a creditor from collecting a late payment charge on medical or hospital bills by making a payment of a minimal amount - even a penny - every ninety days. Because of this, it is not worth the effort for hospitals and medical providers to charge late payment fees, due to the accounting nightmare created. Computer billing systems are unable to override late payment charges if a payment has been made**



within 90 days, and it must be done manually. As a result, medical and hospital bills often go to the bottom of the pile because all other creditors are able to charge and collect late payment fees of up to one and three-fourths percent per month, almost double what medical providers and hospital providers could charge even if it were practical for them to do so.

Senate Bill 2302 is an attempt to level the playing field, and eliminate the restriction on charging a late payment fee on medical and hospital bills if a payment has been made within ninety days. As drafted, the bill prohibits late payment charges during the initial ninety days following services, and retains the limitation of the late payment charge not exceeding one percent per month, with a limit of twenty-five dollars per month.

With increasing pressures on reimbursement to providers, timely collection of accounts receivable is increasingly important in order to maintain adequate cashflow to meet operating needs.

The primary purpose of this proposed change in the law is *not* to create an additional revenue source for providers. After factoring in the reduced interest charge involved, bad debts, and related collection expenses, the additional income would be relatively minor. The real objective is to give providers a fairer, more equitable chance of collecting our bills relative to other businesses.

On behalf of the medical providers and hospitals in the state, I urge your favorable consideration of Senate Bill 2302.

SENATE BILL NO. 2302

Testimony by  
Arnold R. Thomas, President  
North Dakota Healthcare Association  
January 27, 2003

Chairman Mutch, members of the Senate Industry, Business and Labor Committee:

I am Arnold R. Thomas, President of the North Dakota Healthcare Association. I appear in support of Senate Bill No. 2302.

Managing accounts receivables is an important function of any business. This is particularly true for hospitals, where bill payment is the responsibility of the patient or it is split between patient and his insurance company. How a hospital collects money owed to it plays a major role in its ability to stay viable and continue to meet the health care needs of citizens in its community.

HB 2302 permits a hospital to charge interest on the unpaid portion of the medical bill owed by the patient. The amount of interest permitted is one percent per month or twenty-five dollars a month, whichever is less.

Managing accounts receivable in today's hospital is a highly complex process. Because of this complexity and the role insurance plays in how charges are paid, I have asked Mr. Paul Morth, Vice President of Medcenter One to address the committee and explain the value and benefits of this bill.

The NDHA respectfully asks for a "do pass" of SB 2302.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hallmark  
Operator's Signature

10/22/03

Date

**SENATE BILL 2302  
BEFORE THE HOUSE HUMAN SERVICES COMMITTEE  
RELATING TO LATE PAYMENT CHARGES ON  
MEDICAL AND HOSPITAL BILLS**

Representative Price and Members of the Committee, my name is Mike Tomasko, CEO of Mid Dakota Clinic and an Administrator of the PrimeCare health group, here in Bismarck, North Dakota, and also representing the North Dakota Medical Group Manager's Association. We appreciate the opportunity to appear before you and to comment on the subject matter of this bill before you. For too long, the present legislation has been both difficult to administer and confusing to us and the public we serve.

In 98% of the health insurance claims we file on behalf of our patients, those claims are adjudicated and paid by the insurer within ninety days of the date of service. The amount left on the bill, if any, are deductibles, co-payments and co-insurance amounts that are the responsibility of the patient to pay under their health insurance contract. Under present legislation a patient can make a minimum payment one month and then not have to make another payment for the next several months, before the current law would allow a medical facility to charge a late payment fee or interest. You can imagine the difficulty this also poses in trying to incorporate such a late payment methodology into the computer systems utilized by most health care providers.

The legislation before you today, as amended, simplifies this process considerably, taking into account financial arrangements that have been made between patient and provider and also allowing for charity care. Patients see the health care provider, claim is filed with insurance carrier, adjudicated and paid within the ninety day period, and remaining amounts are billed to the patient, and if patient fails to make payment or payment arrangements, unless deemed charity care, the medical facility is free to impose a late charge or interest not to exceed one percent per month to a maximum of twenty-five dollars.

This is not dissimilar to other businesses, and in fact is far more generous, but appropriate given the complexity of some health insurance claims. It is not dissimilar to claims filed due to car accidents or damage to our homes, in which there are deductibles and such that are the responsibility of the policy holder.

Health care is not unlike other businesses, in that we have bills to pay, salaries to pay, etc. We are different in that our reimbursement is capped, but that is a debate for another time. I am reminded of a young man whose wife received health services from our facility, a service that was NOT covered by insurance, and they had a balance of a little over four hundred dollars. They would make twenty-five dollar payments every THREE months, which at that rate would take them about four years to pay the bill. When we inquired of the young man, he responded "...you are the best deal in town, no interest or late charges." Or the gentlemen who asked me to take a ride in his new vehicle and the very next day his name appears on our past due listing, he was making fifty dollar payments every three months on a twelve hundred dollar bill; when I inquired, he too indicated that since we charge no interest or late payment, "...he leaves us for last..."

The legislation proposed here today would give health care the same leverage used by many other businesses, to encourage prompt payment by the patient of their co-payments, deductibles and co-insurance amounts, or in the alternative to make payment arrangements.

The above all being said, the intent of our support for this legislation today, in no way removes our obligation and willingness to provide health care to the citizens of North Dakota, without regard to their ability to pay, and I believe the amendment to this proposed legislation covers same. Those truly in need of health care services, without the means to pay, will continue to have access to health care provided by Mid Dakota Clinic and the PrimeCare health group, and I would dare say all health care providers in the State of North Dakota. In 2002, Mid Dakota's insurance discounts were fourteen million dollars, or 31% of billed charges. Charity care to those without insurance or the means to pay totaled an additional 2%, or about three-quarters of a million dollars. Our support for this legislation today, is simply to provide health care providers the same leverage available to other businesses to collect our bills in a timely manner, to meet our obligations, or in the alternative to encourage payment arrangements, from those who are blessed with the ability to pay.

We thank you for allowing us to appear before you today and would be pleased to answer any questions you might have.