

COMMITTEES:
BANKING, HOUSING, AND URBAN AFFAIRS
HEALTH, EDUCATION, LABOR, AND PENSIONS

United States Senate

2400 JFK FEDERAL BUILDING
15 NEW SUDBURY STREET
BOSTON, MA 02203
P: 617-565-3170

ARMED SERVICES
SPECIAL COMMITTEE ON AGING

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1550 MAIN STREET
SUITE 406
SPRINGFIELD, MA 01103
P: 413-788-2690

www.warren.senate.gov

The Honorable Mark T. Esper
Secretary of Defense
United States Department of Defense
1000 Defense Pentagon
Washington, D.C., 20301

Secretary Esper:

I write to request information on the collection of medical debt from non-military, low-income patients by the Department of Defense (DoD) and the Department of the Treasury (Treasury). A recent report by the Center for Public Integrity detailed the steps that both Departments take to meet the statutory requirement that they collect on patients' unpaid balances at military hospitals.¹

No American should struggle to access health care or be forced to take on debt in order to get the care or coverage they need. According to recent research, nearly 140 million Americans have experienced medical financial hardship—including “problems paying medical bills”—in the past year.² As medical costs continue to rise, more Americans will likely struggle to pay their medical bills. Even Americans with health insurance are not immune from medical debt, and as health insurance plans with high deductibles and out-of-pocket costs proliferate, families will face increasingly high bills that are difficult to pay.³ It is essential that the federal government promote policies to ensure that our nation's healthcare system provides high-quality, affordable health care that does not lead to debt or even bankruptcy or force families to choose between medical care and other necessities.

DoD operates a network of fifty-one hospitals and medical centers that primarily treat servicemembers.⁴ But in certain cases, such as a severe injury in an underserved area, or when a military hospital is uniquely equipped to handle treatment, these hospitals treat civilian patients. At one military hospital, up to eighty-five percent of patients are actually civilians in need of emergency care.⁵ Civilians often have little choice whether they are sent to a military hospital for emergency care and may not even know that they are going to a military hospital in the first place.

¹ The Commonwealth Fund, “Health Insurance Coverage Eight Years After the ACA: Fewer Uninsured Americans and Shorter Coverage Gaps, But More Underinsured,” Sara R. Collins, Herman K. Bhupal, and Michelle M. Doty, February 2019, https://www.commonwealthfund.org/sites/default/files/2019-02/Collins_hlt_ins_coverage_8_years_after_ACA_2018_biennial_survey_sb.pdf

² *Id.*

³ *Id.*

⁴ Military Health System, “MHS Facilities,” <https://www.health.mil/I-Am-A/Media/Media-Center/MHS-Health-Facilities>

⁵ The Center for Public Integrity, “America's Most Powerful Medical-Debt Collector,” Jared Bennett, Olga Khazan, January 21, 2020, <https://publicintegrity.org/inequality-poverty-opportunity/medical-debt-army-hospital/>

Allowing our military healthcare providers to treat civilian trauma patients benefits both the civilian patients and the military medical officials that treat them. It is essential that our military surgical teams maintain their proficiency so they can quickly and successfully treat battlefield casualties, but they can face challenges while practicing at military hospitals that are far from the battlefield. A recent investigation by *U.S. News*, however, found that military surgeons and surgical teams' skills are at risk of atrophying as they serve an active duty and retiree patient population that rarely needs surgery. Military surgeons might perform only one fifth the number of surgeries as their civilian counterparts at busy hospitals.⁶ Thus, in addition to receiving high-quality medical care, civilians treated at military hospitals are also contributing to medical readiness by providing the facilities' medical professionals with critical medical experience.

While a patient may receive the same treatment at a military hospital that they would at a non-military hospital, there are several key distinctions in how that patient is billed for those services. Some military hospitals do not bill non-military patients' insurers even if they have insurance, leaving it up to the patient to file a claim with their insurer—an often complicated task that leaves patients more likely to fall behind or grow confused about medical payments.⁷ Furthermore, unlike many non-profit or private hospitals, which state and federal charity laws require to cancel the debts of vulnerable patients, DoD regulations require military hospitals to take “prompt and aggressive action,” to settle their debts.⁸ As a result, if a civilian incurs medical debt at a military facility due to having no insurance or because of their insurers' inadequate or confusing insurance, they can find themselves at odds with DoD or Treasury debt collectors who are required, by law, to aggressively collect overdue payments.

In the event a debt becomes more than 180 days past due, DoD, or any other federal agency seeking repayment for a debt, must transfer the debt to Treasury, which then becomes responsible for tracking down and securing repayment.⁹ Unlike private debt collectors, which are subject to federal laws limiting their ability to contact patients and collect payments, Treasury has the power to more aggressively pursue overdue debts. For example, Treasury is immediately able to withhold a patient's wages or tax refunds, or up to 15 percent of their Social Security benefits.¹⁰ The garnishment of these payments makes a material difference for low-income patients struggling to make ends meet.

The current federal requirement that the DoD Treasury aggressively collect medical debt from civilians who receive treatment at military hospitals appears to harm patients and place low-income individuals at particular risk of financial hardship—despite the medical readiness benefits that this treatment provides the military. In order to better understand DoD's and

⁶ U.S. News, “A Crack in the Armor: Military Health System Isn't Ready for Battlefield Injuries,” Steve Sternberg, October 10, 2019, <https://www.usnews.com/news/national-news/articles/2019-10-10/military-health-system-isnt-ready-for-battlefield-injuries>

⁷ *Id.*

⁸ Office of the Under Secretary of Defense (Comptroller), “Financial Management Regulation, Volume 5, Chapter 28: Management and Collection of Individual Debt, Summary of Major Changes,” November 2012, https://comptroller.defense.gov/Portals/45/documents/fmr/archive/05arch/05_28_Nov12.pdf.

⁹ 31 CFR § 285.12

¹⁰ 31 CFR § 285.11

Treasury's practices for collecting medical debt from low-income, civilian patients of military hospitals, I request answers to the following questions no later than February 12, 2020:

1. Please describe the process through which DoD facilities seek to recover unpaid medical debt.
2. Does the DoD contract with private debt collectors to pursue individuals with unpaid medical debt?
3. For each year for the past 10 years, how much money has the DoD recovered from individuals for the repayment of medical debt related to health care services provided at DOD health care facilities? How much debt is still owed to the DoD?
4. How much debt was collected, and from how many individuals was it collected from individuals who were (a) uninsured, or (b) on Social Security, or (c) had incomes below 100% of the Federal Poverty Level?
5. How much debt was garnished? From how many individuals was it garnished? Was it garnished from (a) Social Security (b) tax refunds, or (c) individuals' paychecks?
6. Are there any processes by which either civilian patients or servicemembers can apply to have their medical debt waived or forgiven? If so, what are these processes?
7. How does the treatment of civilians at military medical facilities benefit the readiness of military medical officials?

Thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator