



Kriss Worthington

Councilmember, City of Berkeley District 7

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CONSENT CALENDAR

July 20, 2004

To: Honorable Mayor and
Members of the City Council

From: Councilmember Kriss Worthington

Subject: SUPPORT RESOLUTION OPPOSING AGGRESSIVE DEBT COLLECTION AND
DISCRIMINATORY PRICING PRACTICES AT SUTTER HEALTH HOSPITALS

RECOMMENDATION:

That the Berkeley City Council supports the resolution Opposing Aggressive Debt Collection and Discriminatory Pricing Practices at Sutter Health Hospitals.

BACKGROUND:

Recently, a Berkeley resident who was treated for injuries at Sutter Health's Alta Bates Summit Medical Center last week filed a class action lawsuit alleging that Sutter charges unfair, unreasonable and inflated prices for medical care to its uninsured patients and also pursues aggressive collection techniques that often result in lawsuits, judgments, garnishment's and bankruptcies against uninsured patients.

Some Sutter Health patients claim reports that they have been subjected to a discriminatory pricing system that charges the uninsured far more than what insured patients pay for the same services by Sutter Health. When uninsured patients are unable to pay their bills, their debts are routinely sent to aggressive collection agencies that sue uninsured patients and seize funds from patients' bank accounts.

FINANCIAL IMPLICATIONS:

NONE

CONTACT PERSON:

Councilmember Kriss Worthington 981-7170.

- WHEREAS, Resolution Opposing Aggressive Debt Collection and Discriminatory Pricing Practices at Sutter Health Hospitals
- WHEREAS, an estimated 81,000-90,000 children and parents of Alameda County are uninsured,
- WHEREAS, Berkeley residents rely on Sutter Health's Alta Bates Summit Medical Center – Berkeley's only hospital – for a variety of emergency and non-emergency medical services,
- WHEREAS, Sutter Health's Alta Bates Summit Medical Center, a nonprofit hospital, is bound by a basic social contract that obligates it to serve the sick and uninsured in exchange for millions of dollars in tax breaks that it receives each year,
- WHEREAS, Alta Bates Summit Medical Center spent only 0.3% of its Net Patient Revenues on charity care during 2003, far less than the average nonprofit hospital in California,
- WHEREAS, Sutter Health's Alta Bates Summit Medical Center made \$38.6 million in profits in 2003 (a 9.2% profit margin) and received millions of dollars in tax subsidies, while providing just \$1.3 million in charity care to the uninsured or the underinsured. Alta Bates Summit Medical Center's profit margin was far higher than the statewide average for nonprofit hospitals,
- WHEREAS, Sutter Health's Alta Bates Summit Medical Center, which has transferred tens of millions of dollars to its parent corporation Sutter Health, clearly has sufficient funds to provide more care for Berkeley's uninsured residents,
- WHEREAS, Sutter Health patients report that they have been subjected to a discriminatory pricing system that charges the uninsured far more than what insured patients pay for the same services by Sutter Health,
- WHEREAS, Sutter Health hospitals have practiced aggressive debt collection tactics against uninsured patients who are unable to pay their bills, routinely sent uninsured patients' bills to collection agencies that sue uninsured patients and seize funds from patients' bank accounts, among other actions,
- WHEREAS, Sutter Health's discriminatory pricing and aggressive collection practices have been systematic and widespread, involving hundreds of uninsured patients each year,
- WHEREAS, a Berkeley resident who recently was treated for injuries at Sutter Health's Alta Bates Summit Medical Center last week filed a class action lawsuit alleging that Sutter charges unfair, unreasonable and inflated prices for medical care to its uninsured patients and also pursues aggressive collection techniques that often

result in lawsuits, judgments, garnishment's and bankruptcies against uninsured patients,

WHEREAS, Sutter Health's practices have harmful effects on uninsured residents, such as discouraging them from seeking needed medical care, and furthermore cause great financial hardship on low-income residents including personal bankruptcy,

WHEREAS, Sutter Health's practices have harmful effects on the city's public health and exacerbate the fiscal crisis of public health agencies by forcing uninsured residents to seek care at tax-payer funded facilities,

NOW THEREFORE, BE IT RESOLVED the Berkeley City Council calls upon Alta Bates Summit Medical Center and Sutter Health to immediately reveal its current and historic pricing policies for uninsured patients to the City of Berkeley for review by the City's Department of Public Health; and

BE IT FURTHER RESOLVED, the Berkeley City Council calls upon Sutter Health and its affiliates to stop sending patients to collection and to stop pursuing medical debt for those who cannot afford to pay; and

BE IT FURTHER RESOLVED, the Berkeley City Council calls upon Alta Bates Summit Medical Center and Sutter Health to provide amnesty for all current outstanding debt for those who cannot afford to pay; and

BE IT FURTHER RESOLVED, the Berkeley City Council calls upon Sutter Health and its affiliates to provide interest-free payment plan options, increase communication of financial options especially regarding charity care programs and public assistance, and post notices regarding the availability of financial assistance; and

BE IT FURTHER RESOLVED, the Berkeley City Council calls upon Sutter Health and its affiliates to increase the delivery of charity care to at least 3 percent of Net Patient Revenues; and

BE IT FINALLY RESOLVED, the Berkeley City Council hereby supports Assembly Bill 232 (Chan) and Senate Bill 379 (Ortiz), which specify that the uninsured shall not be charged more than those with health insurance, and the full and timely implementation of Senate Bill 2, the California Health Insurance Act of 2003.