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United States Senate

January 29, 2020

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The Honorable Steven T. Mnuchin
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C., 20220

Dear Secretary Mnuchin:

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

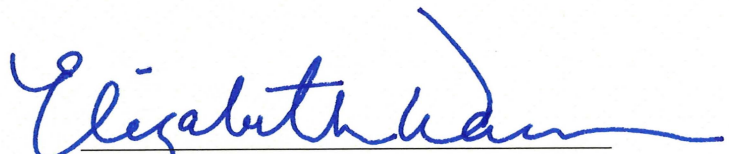
Treasury's practices for collecting medical debt from low-income, civilian patients of military hospitals, I request answers to the following questions no later than February 12, 2020:

1. Please provide all documents—including scripts, instruction manuals, and guidance—related to debt collection that are provided to Treasury Department employees responsible for collecting unpaid medical debts.
2. Please describe the process through which the Treasury Department seeks to recover unpaid medical debt. Are any debt collection tactics specifically encouraged or prohibited? Are debt collections working on behalf of the Treasury Department required to comply with the Fair Debt Collection Practices Act?
3. Does the Treasury Department contract with private debt collectors to pursue individuals with unpaid medical debt? If so, please provide a list of these private debt collectors.
4. For each year for the past ten years, how much money has the Treasury recovered from civilians for the repayment of medical debt owed to federal health care providers? How much money is still owed to the Treasury?
5. For each year for the past ten years, please provide the following information about the civilians who have been pursued by the Treasury for the repayment of medical debt incurred at military hospitals:
 - a. How many total individuals were pursued for such debts? What was the average debt of uninsured individuals for each episode of care? What was the total amount of debt pursued for these individuals?
 - b. How many were veterans? What was the average debt of uninsured individuals for each episode of care? What was the total amount of debt pursued from these veterans?
 - c. How many received Social Security benefits? What was the average debt of uninsured individuals for each episode of care? What was the total amount of debt pursued from these Social Security recipients?
 - d. How many were uninsured? What was the average debt of uninsured individuals for each episode of care? What was the total amount of debt pursued from these uninsured individuals?
 - e. How many were covered by Medicare? In how many of these cases did Medicare cover a portion of the billed service(s)? What was the average debt of Medicare-covered individuals for each episode of care? What was the total amount of debt pursued from these Medicare beneficiaries?

- f. How many were covered by Medicaid? In how many of these cases did Medicaid cover a portion of the billed service(s)? What was the average debt of Medicaid-covered individuals for each episode of care? What was the total amount of debt pursued from these individuals?
 - g. How many were covered by TRICARE? What was the average debt of TRICARE-covered individuals for each episode of care? What was the total amount of debt pursued from these individuals?
 - h. How many were covered by the Department of Veterans Affairs? What was the average debt of VA-covered individuals for each episode of care? What was the total amount of debt pursued from these individuals?
 - i. How many were covered by private insurance? In how many of these cases did private insurers cover a portion of the bill service(s)? What was the average debt of privately insured individuals for each episode of care? What was the total amount of debt pursued from these individuals?
 - j. How many were living at or below the federal poverty line? What was the average debt of uninsured individuals for each episode of care? What was the total amount of debt pursued from these individuals?
6. For each year for the past ten years, how much debt was garnished from Social Security benefits, tax refunds, or individuals' paychecks? From how many individuals was this debt garnished?
7. Federal law requires agencies to transfer debt that has been delinquent for 180 days or more to the Secretary of the Treasury. However, federal regulations permit the Secretary of the Treasury "on his/her own initiative" to "exempt any class of debts from the application of the [mandatory transfer] requirement" if "the exemption is in the best interests of the Government."¹¹ Has the Treasury Department ever considered exempting medical debt from its debt collection practices? If not, why not?

Thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator

¹¹ 31 CFR 285.12.