

# New Prescription for Hospital Deadbeats May Ease Our Pain

By Matthew Glavin  
and Michael Tanner

When someone doesn't pay their hospital bills, the rest of us pay the price. Each year hospitals across America provide more than \$50 billion in uncompensated care, services for which the hospital never is paid. The cost of providing this care does not just disappear. Rather, it is passed along in the form of higher charges to everyone else — a practice known as cost-shifting. In some cases, uncompensated care results from the patient's inability to pay. But, in many other cases, patients simply shirked their responsibilities.

This particularly is true in cases of third-party liability. This is the type of situation where a person has been injured as the result of the actions of a third party, such as an automobile accident. Some health-care experts estimate that as much as one third of uncompensated care results from third-party liability. Typically, in such situations, the hospital or other provider bills the patient, but the bill remains unpaid while the patient pursues compensation in court against the liable third-party. Court proceedings can drag on for years, during which the provider writes off the unpaid bill as uncompensated care.

Eventually, however, a settle-

ment is reached or the patient collects after a trial. Unfortunately, it is all too common, at this point, for the patient not to pass along any of this money to the provider. Indeed, some law schools actually offer courses to further various lawyer methods to help clients shield their money from the provider. If the hospital wants to collect, it must begin yet another lengthy and costly round of legal proceedings. Since

the bill by this time has been regarded as uncompensated care, most providers simply give up.

However, there now is a way to ensure that providers can collect the money that is due to them. Moreover, this new measure requires no new government regulation, monitoring or

increased taxation.

Under a new system, pioneered by HealthOne, a Jackson, Mississippi -based health-care claims consultant, the provider joins the patient and his claim consultant in the claim against the liable third-party by becoming a priority creditor. If a settlement is reached, the provider can demand direct payment. If the case goes to trial, the provider can intervene in the action and participate as an additional plaintiff against the negligent party. Their interests fully are

protected.

The amount of money that can be recovered under this system is substantial. A recent study extrapolating data from several hospitals indicates that more than \$26 million could be recovered annually in Georgia alone. That is \$26 million that Georgians won't have to pay through higher hospital costs and higher insurance premiums.

The ability to collect third-party liability costs particularly is important to inner-city hospitals. Such hospitals treat a disproportionate number of trauma cases and have a disproportionate number of indigent patients. The ability to recover in third-party liability cases not only will reduce costs in these hospitals, but may make the difference in whether they remain open — an important issue of access to care in many communities.

There often are small changes in policy that can have a significant impact on health-care costs. Changing the way hospitals and the courts treat third-party liability cases is one of these small changes that can have big results.

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**The cost of providing unpaid healthcare — about \$50 billion annually — is passed along to others in a practice known as cost-shifting.**