Provena Covenant's Community Relations Turnaround

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A hospital's community relations turnaround in Champaign County, Illinois, has broad implications for national "charity care" controversies.

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At a Glance

Addressing healthcare pricing and charity care controversies can be an endless exercise in frustration--or an opportunity for growth of all the parties involved. In the spotlight for much of this year because of its pricing policies, Provena Covenant Medical Center in Champaign-Urbana, Ill., took an ingenious step: It asked Champaign County Health Care Consumers, the community group that had publicly complained about the hospital's pricing and collections policies, to help with the patient account review process.

The attempt by the Champaign County Board of Review to revoke the property tax exemption of Provena Covenant Medical Center has been widely publicized, both in the trade press and in the general media. Likewise, it is relatively well known that the "tobacco lawyers" included the entire Illinois-based Provena hospital system in the initial list of not-for-profit community hospitals and systems sued in mid-June 2004.

Not much is widely known, however, about the background of these events and related developments, including some positive events of 2003 and 2004 in relation to these controversies. As someone who had the opportunity to become directly involved in the Champaign County events during the spring and summer of 2004--including mediating a dramatic new agreement between a hospital and a local community group--I gained insight into matters with broad implications for all not-for-profit community hospitals whose management and boards are trying to address the "charity care" controversies irrespective of whether or not they have been sued.

In presenting the background surrounding these events, it should be noted that the background and facts presented here are based on documents as well as on-the-record, detailed interviews, many of which are in the public domain on the Internet at www.healthbusinessandpolicy.com/ExemptHospitals.htm.

A Community Group Unleashes a Chain of Events

A community group in Champaign-Urbana, Ill., took a keen interest in access to health care, including pricing, discounting, and collections, during the late 1990s. This group, known as Champaign County Health Care Consumers, is one of about 100 members of The Access Project, a coalition of some of the more comprehensive “patient access” groups that is supported, in part, by the Robert Wood Johnson Foundation.

The Champaign-Urbana group began doing intensive research into hospital pricing and collections, including lawsuits against patients by the two hospitals in the area, the Carle Foundation Hospital and Provena Covenant Medical Center. The group released reports and held news conferences periodically, alleging that the uninsured and underinsured were being charged the highest prices by hospitals; the uninsured, underinsured, and medically indigent were being sued; and the hospitals’ payment plans for consumers were inflexible and onerous. Relations between the community group and the two hospitals were strained, at best.

In January 2002, the Champaign County Board of Review asked the community group about lawsuits by the Carle Foundation Hospital against patients. Later that spring the board studied this and other matters that it considered relevant to Carle’s property tax exemption. In September 2002, the board filed a brief with the Illinois Department of Revenue (IDR) recommending that Carle’s property tax exemption be revoked.

The IDR returned that brief citing technical flaws, but by early 2003 the board had turned its attention to Provena Covenant Medical Center. In fall 2003, the board filed a brief concerning Provena Covenant with the IDR recommending the revocation of Provena Covenant’s property tax exemption. However, having learned from the IDR’s rejection of its earlier Carle brief, the board worded its Provena Covenant brief quite differently, moving far beyond the issue of billing and collections into the use of property by physicians and other for-profit business entities. In February 2004, the IDR agreed that Provena Covenant’s property tax exemption should be revoked, precipitating a wave of national publicity.

Some of the publicity was highly inaccurate, and it is important to understand that Provena Covenant’s property tax exemption has *not* been revoked and, as of this writing, administrative hearings have yet to take place in Springfield, Ill. Notwithstanding the outcome of these hearings, Provena has indicated that it will fight this proposed revocation in the courts if necessary.

Other Events Converge

Even by winter 2004, Champaign County and Provena Covenant were not the only parties involved in the pricing and charity care controversies. At about the same time as the Champaign County Board of Review’s recommendation to revoke the property tax exemption of Provena Covenant, an appellate court in Massachusetts upheld the revocation of the property tax exemption of a North Attleborough not-for-profit physicians’ clinic based in part on allegations about the clinic’s inability or unwillingness to discount fees to the uninsured and to provide walk-in services.

In Connecticut, the Yale-New Haven Hospital and other hospitals are defendants in a class action lawsuit filed in fall 2003 in state court alleging that, among other things, the hospitals failed to inform uninsured, underinsured, or medically indigent people about charity care, and subsequently sued them when they could not or did not pay undiscounted hospital prices.

In the Chicago area, two large hospital systems, Advocate Health Care and Resurrection Health Care, are defendants in separate class action lawsuits filed in state court with allegations similar to those of the Connecticut suit. State attorneys general in Connecticut, Illinois, and other states have involved themselves in these matters, in some cases joining with plaintiffs in the state class actions.

Then in mid-June 2004, Richard Scruggs, a lawyer instrumental in the well-known tobacco class action of the 1980s and 1990s that resulted in multibillion-dollar settlements, announced the filing of numerous class action suits in various federal courts against hospitals and hospital systems (including the Illinois systems Provena, Advocate, and Resurrection). Those suits alleged that hospitals failed "to provide government-required charity care" and "instead, the hospitals charge the uninsured sticker prices for health care, an amount higher than any other patient group, and then, when the uninsured can't pay, harass the uninsured through, among other tactics, aggressive collection efforts such as garnishment of wages and bank accounts, seizures of homes, and personal bankruptcies." (This quotation is from a June 17, 2004, press release from Scruggs that can be found with other materials and the full lawsuit filings at www.nfplitigation.com.)

New CEO at Provena Covenant Builds a Local Bridge

Meanwhile, a high pitch of antagonism persisted between the well-publicized community group and Provena Covenant, with each side writing editorials, appearing on news programs, and telling its side to the community. At least one lawsuit was in play (not a class action), with the community group contemplating another suit and a formal appeal for help from Illinois Attorney General Lisa Madigan. Things were bad and getting worse.

Enter Mark Weiner, the new CEO of Provena Covenant, in mid-May 2003.

Notwithstanding all the foregoing events, Weiner quickly reached out to the executive director of the Champaign County Health Care Consumers. A number of events took place in the coming months:

* Immediate, personal dialogue took place and a series of meetings ensued.
* The CEO involved his CFO and his director of patient accounts in direct discussions with the community group's officials.
* Steps were taken to bring members of the community group into the patient account review process, culminating in the groundbreaking formation of a joint "medical debt committee" that now meets every two weeks to review past due accounts and make deliberate decisions concerning the pursuit of such.
* The hospital markedly revised its charity care policies.
* The hospital and the community group held discussions around trying to meet the needs of the low-income Medicare population, leading to the early August 2004 announcement that a joint application was made to the fiscal intermediary seeking explicit liberalization of the charity care policy for the low-income Medicare recipients aside from the hospital's general policy (a move that, in itself, was groundbreaking).

By June 2004, relations had turned around to the point that, regarding the class action lawsuit against Provena Covenant, the director of the community group publicly stated, "At this point I certainly would not be suing Provena Covenant based on their current charity care and debt collection practices" (from the group's June 17, 2004, press release). And, on July 23, 2004, the consumer group honored Provena Covenant's CEO and CFO at its annual dinner (see www.healthbusinessandpolicy.com/ChampaignUpdate1.htm).

How did such a dramatic turnaround happen? What lessons have been learned that can be applied to these interrelated controversies?

Implications and Lessons Learned

Interviews with dozens of individuals over a period of months spanning all aspects and sides of the controversies relating to hospital pricing, charity care, and collections provided much insight into the many facets of this issue. Although there is not space in this article to present all the results of these interviews and other findings, I would like to focus particularly on the community relations implications of the events in Champaign County and elsewhere.

These controversies are interrelated, as is attentiveness to them. Make no mistake: At all levels, from city councils to Congress, the three categories of allegations--of overpricing by hospitals, that hospitals do not provide enough charity care, and of "thumbscrew collection tactics" by community hospitals and their collectors--are repeated to one extent or another. Furthermore, the investigations of legislative bodies and county boards and the class actions are, to some extent, feeding off each other.

The media, in general, love to report on these allegations, are sympathetic to the plaintiffs, and will not go away. From the point of view of most healthcare reporters, these are "mother and apple pie" issues, ready-made for compelling human interest stories and stories about allegations of duplicitous, fraudulent, or harmful treatment of patients. Reporters who know me in my capacity as editor of the *Journal of Health Care Finance* constantly ask me, "What the heck are hospitals thinking? Why hasn't the AHA dealt with this decisively? Why are hospitals suing people who don't have money to pay anyway?"

Neither the media nor local public officials care about the fact that federal regulations are ambiguous. As anyone involved in hospital repricing and charity care projects knows, these matters fall into the category of "easier said than done." CMS and the OIG have not shown a strong will to clarify the regulations, as evidenced by the recent last-minute cancellation by a CMS official of an appearance before the New Hampshire/Vermont HFMA chapters to answer questions about pricing, discounting, and related matters. Unfortunately, attempts to excuse hospitals' perceived unfair behavior by citing the recalcitrance of the federal government in these matters and the overriding need for payment reform fall on deaf ears at the local level.

The "comprehension gap" between hospital executives and local officials, including the public, is stunning. People do not fathom either the extent of the dysfunctionality of the healthcare payment system or the vulnerability of their own community hospitals to difficulties in accessing capital, competition from their own physicians, and other industrywide challenges. There is an opportunity to get local people to appreciate these forces, but only within the context of a genuine effort by a hospital to address, within its means, the core issues of overpricing, charity care, and collections.

At the same time, if hospitals are projecting and evidencing an attempt to work in good faith, local officials and community groups are willing to listen. Provena Covenant accompanied its actions with intensive discussion and education, in particular with the community group. The comprehension gap between hospital executives and people in the community, including public officials, is vast, and it is the responsibility of the hospital to proactively take steps to close this gap. But, as implied above, talk alone is not enough; *actual policies toward patients need to change*.

Bringing members of the community into the patient account review process can accomplish many goals. My view is that the joint medical debt committee at Provena Covenant is an ingenious concept. This move places the hospital in an ongoing position of being able to interact directly with the community in a sensitive area; gives the hospital constant opportunities to educate key members of the community; evidences an attitude of deliberation as opposed to capricious insensitivity; and sets the stage for progress in other areas, including the positioning of the community group as a potential ally in all-important media relations.

Bringing members of the community into repricing and charity care efforts can help mitigate or avoid problems later. The degree to which community groups are actually at the table during research and brainstorming about discounting, charity care, and collection policies is something that needs to be considered, because it is probably unwise to bring in any community group until the hospital, its consultants, and its board conduct proper research into the going-forward impact of such moves. However, at certain points both individual board members and hospital executives can do everyone a service by taking time to solicit reactions to draft policies from groups that represent the interests of patients. Once again, the Champaign County lesson clearly points to the benefit of, for example, involving the community group in the design of the discounting and charity care program for low-income Medicare patients.

Don't wait for Dick Davidson and Tommy Thompson to have lunch and settle the regulatory ambiguities; do your repricing, charity care, and collections policy review now. The hospital industry is beset by troubles it needs to deal with; as the recent HFMA-GE Healthcare Financial Services-PricewaterhouseCoopers study on access to capital revealed, community hospitals have other major challenges ahead. Local city councils, county boards, community groups, state attorneys general, and the media are not going to wave off these controversies, nor is Richard Scruggs.

Don't be afraid to break the ice with community groups. I believe that all most of them want (leaving aside unions) is to talk and listen, and to get the hospital to understand how actual people can be severely harmed if treated unfairly.

Much can be done legally and expeditiously in respect to repricing, charity care, and collections, but it is outside the scope of this article to delve into matters such as repricing impact analyses. Simply, these matters can be addressed at the local level, with the appropriate involvement of the community and in a manner that is financially responsible given each hospital's own resources.

The lesson that Mark Weiner and Provena Covenant gave us is that they took action, and they are still working on refinements in all these key areas even at this writing, interacting with and educating the community each step of the way.

The head of the Champaign-Urbana community group recently said, "I don't know whether we've learned more from the hospital or they've learned more from us. I do know one thing: We want our hospital to be financially sound and we don't want money going out of this community to class action lawyers or to the county to pay for water and sewer projects. We want hospitals to provide health care; I just want the hospital to be responsible, to think about how people's lives are affected by their policies and actions. That's all I ask."

From city councils to community groups to Congress to most of the media, the message is: That's not asking too much.

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Guidance from the Hill

HHS delivers a response to providers concerned that hospitals are required to bill all patients, including the uninsured, the same schedule of charges. Secretary Thompson refutes that statement in this Power Point presentation, "HHS and OIG Guidance on Hospital Charges to Uninsured Patients." www.hfma.org/resource/focus_areas/medicare/400281.ppt

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Guidance from HFMA

"HFMA's Internet Guide to Billing and Collections for the Uninsured" is a collection of links to government reports, policies and procedures, congressional investigations, reports, and not-for-profit hospital litigation regarding the uninsured billing and collection practices. www.hfma.org/resource/focus_areas/medicare/authoritative_sources/400287.htm

Suggested pullquotes:

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