

Predatory Medical Billing in Wisconsin

**Johns Hopkins University
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Executive Summary

- Hospitals and healthcare systems in Wisconsin filed a total of **17,908 medical debt lawsuits**, 4,144 **wage garnishments**, and 746 **liens** between January 1st, 2018, and July 31st, 2020.
- **43%** of Wisconsin hospitals sued patients in court for unpaid medical bills between January 1st, 2018, and July 31st, 2020.
- The **highest suing hospital** was Froedtert Hospital, suing 4,495 patients for \$15.9 million.
- 50% of all Wisconsin hospital lawsuits against patients were filed by **2 Health Networks**: Advocate Aurora Health (6,874 lawsuits) and Froedtert Hospital System (4,496).
- Wisconsin hospitals and health networks sued patients for a total of **\$40.7 million**. Lawsuit amounts ranged from \$295 to \$449,230 per lawsuit.
- 94% of hospitals suing were **non-profit hospitals**.
- Advocate Aurora Health Care (26 hospitals) filed 5,313 lawsuits and 1,561 wage garnishments between January 2018 and February 2020. Since February 2020, Advocate Aurora **sued no patients**.
- During the pandemic, most hospitals significantly **stopped** all medical debt lawsuits; however, **8 hospitals** continued to sue after March 18th, 2020.

Introduction

The increasing cost of medical care and the burden of medical debt are significant contributors to financial toxicity in the United States. One in four Americans are deliberately [avoiding](#)¹ necessary medical treatment in anticipation of its high costs. Nearly half of all Americans are worried that a major health issue could trigger a catastrophic financial hardship,

potentially resulting in bankruptcy¹. In an effort to collect medical debt, hospitals may employ aggressive tactics such as pursuing lawsuits, garnishing wages, and placing liens. Researchers and media have identified this growing trend of hospitals suing patients for unpaid medical bills, namely in the states of [Virginia](#)², [Texas](#)³, [New Mexico](#)⁴, and [New York](#)⁵.

The COVID-19 pandemic has only exacerbated medical debt. In March of 2020, Wisconsin Governor Tony Evers [declared](#)⁶ a public health emergency. To alleviate the financial burden that many citizens were facing due to unemployment and job insecurity, Evers placed a 60-day ban⁷ on home evictions and foreclosures. Despite the government's efforts to protect its citizens, some hospitals continued to use aggressive means to collect medical debt. A news [release](#)⁷ from April 2020 by Wisconsin Public Radio brought this issue to light. They reveal multiple hospitals suing patients for unpaid medical bills shortly after Governor Evers made his statement. In response, many hospitals agreed to stop suing patients throughout the duration of the pandemic.

The purpose of this report is to discern whether and to what degree hospitals sued patients for unpaid medical bills before and during the pandemic. In this report, we analyze medical billing practices of all 159 hospitals in the state of Wisconsin. Our data includes court actions by Wisconsin hospitals against patients over the time period of January 2018 through July 2020. We hypothesize that predatory medical billing practices can be observed in Wisconsin similar to other states, even during the COVID-19 pandemic.

Methods

We identified the names of all 159 Wisconsin hospitals by using the [American Hospital Directory](#)⁸ (AHD). From this directory, we gathered the hospital's demographic information, including average markup, type of control (profit status), gross revenue, Centers for Medicare & Medicaid Services (CMS) Certification Number, city, zip code, and parent health network. Average markup was calculated by taking the inverse of the cost-to-charge ratio provided by AHD.

To gather court record information for the individual hospitals found on the AHD, we used the Wisconsin Circuit Court Access [website](#)⁹. We searched within this database for lawsuits filed by Wisconsin hospitals between January 1, 2018, and July 31, 2020. During the evaluation of the legal court records, the following variables were captured: the name of the plaintiff (hospital), the name of the defendant (patient), the legal representation for both (if any), whether the case is active or not, the filing date, the amount pursued in court, and wage garnishment or lien information. For plaintiff names associated only with healthcare systems, not with individual hospitals or unique CMS identification numbers, we only included their case counts into the analysis on healthcare systems.

Additionally, a comprehensive media search of each hospital and parent hospital system was performed in Google News, NPR, MedPage Today, Wall Street Journal, New York Times, ProPublica, and Wisconsin Public Radio to elucidate any potential predatory billing practices that were not found in the court record database. Search terms included the name of the hospital, the hospital's parent system, "lawsuit" "billing," "debt collection," and "medical debt." All relevant stories were screened and reviewed to identify cases for unpaid medical bills.

To further characterize hospitals, we collected a hospital's [Lown Institute](#)¹⁰ Charity Care 5 Star Rating and their [Leapfrog](#)¹¹ Hospital Safety Grade. The Lown Institute Charity Care 5-Star Rating is a measurement calculated by the Lown Institute on the amount spent on charity care and other community health investments as a share of total expenses. The Leapfrog Group Hospital Safety Grade is a composite score made up of 28 national performance measures on patient safety.

Results

A total of 69 hospitals, covering 16 different health networks, filed court actions against patients for unpaid medical bills between January 01, 2018, and July 31, 2020. Of the 69 hospitals suing patients, 96% are classified as non-profit institutions. A total of 17,908 medical debt lawsuits, 4,144 wage garnishments, and 746 liens were filed [Table 1]. Of the 16 hospital systems, two accounted for 50% of all medical debt court actions in the state [Figure 1]. Where the amount pursued in court was available, lawsuit amounts ranged from \$295 to \$449,230 per lawsuit, totaling \$40.7 million.

In 2018, 10,437 court actions were filed by all hospitals, totaling up to \$17.3 million in amounts pursued in court. In 2019, 10,159 court actions were filed by all hospitals, totaling up to \$18.6 million in amounts pursued in court. In 2020, 2,198 court actions were filed by all hospitals, totaling \$4.9 million in amount pursued in court [Figure 2].

Of the hospitals that sued patients, 94% were non-profit, 3% were for-profit, and 3% were government-owned. In comparison, of the hospitals that did not sue patients, 78% were non-profit, 8% were for-profit, and 14% were government-owned. Hospitals that sued patients brought in \$121 million more revenue than those that did not, \$496 million versus \$375 million [Table 2].

In the four months leading up to the COVID-19 pandemic (November 2019 – February 2020), Wisconsin hospitals sued a total of 2,820 patients for \$5.2 million, an average of 705 patients and \$1.3 million per month. In comparison, in the first four months of the pandemic (April 2020 – July 2020), hospitals sued a total of 370 patients for \$1.9 million, an average of 93 patients sued per month and \$478,000 per month [Figure 3, Figure 4]. When comparing the four months leading up to the pandemic to the first four months of the pandemic, there was an 87% decrease in the average number of court actions filed by hospitals per month. This coincided with a 63% decrease in the average dollar amount pursued in court per month [Table 3].

In total, hospitals part of the Advocate Aurora Health system sued 6,874 patients for unpaid medical debt for a total of \$9.3 million [Table 1]. The breakdown of their court actions included 5,313 lawsuits and 1,561 wage garnishments. After February 2020, hospitals in this system filed 0 lawsuits and 0 wage garnishments [Table 4].

Discussion

Lawsuits before the pandemic started (March 18th, 2020)

This Wisconsin-wide overview of hospitals' predatory medical billing practices highlights lawsuits and garnishments for patient medical debt between January 1, 2018, and July 31, 2020. During this two-and-a-half-year period, 17,401 court actions were filed by 43% of Wisconsin hospitals. Hospitals sued patients for a total of \$33.3 million. Lawsuit amounts ranged from \$295 to \$449,230 per lawsuit. Half of lawsuits against patients were filed by two hospital systems, Aurora Health (6,874 court actions) and Froedtert Hospital System (4,496 court actions).

While these lawsuits accounted for a negligible portion (median of 0.03%) of the hospital revenue, these legal actions cause devastating financial burden to working families. Evident in previous studies done in [Texas](#)³, [Virginia](#)², [New York](#)⁵, and [New Mexico](#)⁴, many patients sued represent the low- to low-middle working class. Medical debt already [forces](#)¹² many hardworking families to compromise necessities such as food and clothing or risk financial ruin. Financially toxic billing practices such as the ones demonstrated in this study add to the financial strain already caused by the high cost of healthcare in the U.S. and must be addressed via standardized billing practices to protect vulnerable patients.

Lawsuits after the pandemic started (March 18th, 2020)

Our results demonstrate that many Wisconsin hospitals have continued to sue patients and have even maintained consistent lawsuit counts during 2020 throughout the course of the COVID-19 pandemic. In March 2020, Wisconsin Governor Tony Evers [declared](#)⁶ a public health emergency and claims were made to cease all legal activity. Nevertheless, various Wisconsin hospitals have continued to sue during the pandemic, introducing further financial difficulties on top of the widespread furloughs and unemployment. For example, Froedtert Hospital dismissed a portion of the cases after the billing practices were published through Wisconsin public [media](#)⁷ in March. However, court records found over 100 cases filed after March 18th, 2020. These cases, most of which were hospital liens, represent hospitals circumventing non-profit regulations by means of placing a lien and cutting to the front of the line to receive payments from personal injury settlements.

A Model Hospital System: Advocate Aurora Health

Prior to February of 2020, Advocate Aurora Health was the top suing health network in our study. One of the authors in this report, Dr. Martin Makary, spoke directly with the

Advocate Aurora Health leadership regarding their medical debt collection practices. Following this communication, the hospital system released a statement that they would stop all lawsuits for unpaid medical bills. While medical debt lawsuits have persisted in some hospitals, even during a global pandemic, Advocate Aurora realized the harm in this practice. After filing 6,874 court actions before February, they filed 0 court actions after it [Table 4].

We observed that this impressive change in direction in billing policy is attributed to the newly appointed Chief Executive Officer of Advocate Aurora Health Care. Through this decision, Advocate Aurora Health Care is taking a major step in restoring the public trust and setting an example for other health networks to follow to stop egregious hospital practices nationwide.

The Non-Profit Mission

Our results show that 94% of the hospitals that sued patients for unpaid medical bills are non-profit institutions. This predatory billing practice does not align with the mission and purpose on which non-profits operate. Originally, the Internal Revenue Service (IRS) [awarded](#)¹³ tax exemptions to hospitals that gave free or highly discounted care to patients that could not afford it. However, hospitals began to take advantage of this system when the IRS [created](#)¹⁴ the “community benefit standard”. Under this definition, the “promotion of health” was categorized as a charitable measure, which enabled hospitals to be more free with their reporting of charity care when applying for tax exemptions. In response to this, the Affordable Care Act [required](#)¹⁵ hospitals to provide a written financial assistance policy and discouraged “extraordinary collection actions” on medical debts. Hospitals are now required to determine which patients qualify for charity care, which prevents them from taking legal action against those who cannot afford their medical bill. Our findings indicate that non-profit hospitals are disregarding this rule and are in fact issuing “extraordinary debt collection actions.”

The findings in this study affirm that non-profit hospitals have been able to sue patients for unpaid medical bills due to a lack of oversight. This demonstrates a need for standardized medical billing practices across all hospitals to ensure fair and ethical billing for patients. A 2020 Journal of the American Medical Association [article](#)¹⁶ on billing quality recommends six billing metrics that address service quality, transparency, surprise medical billing, and predatory billing practices. Implementing these metrics into standard hospital practice would prevent financially vulnerable patients from being taken advantage of as well as help to restore the public trust in healthcare.

Study Limitations

Our analysis is not without limitations. First, certain electronic filing systems offered complete court records whereas others offered superficial information. Second, hospitals may utilize aggressive practices that do not appear in court records, such as harassment and harming credit scores through outsourced debt collection agencies. These are outside the scope of this study yet important to consider and, therefore, require additional research to address. Nevertheless, given the detailed information available across most filing systems, the findings of this report give some insight into predatory medical billing practices in Wisconsin.

Conclusion

Despite claims to reduce surprise billing practices, various hospitals in Wisconsin continue to sue patients and garnish wages for medical debt during the pandemic. Hospitals, health networks, and healthcare leaders are to be held accountable for disparities in contemporary healthcare, including medical billing practices.

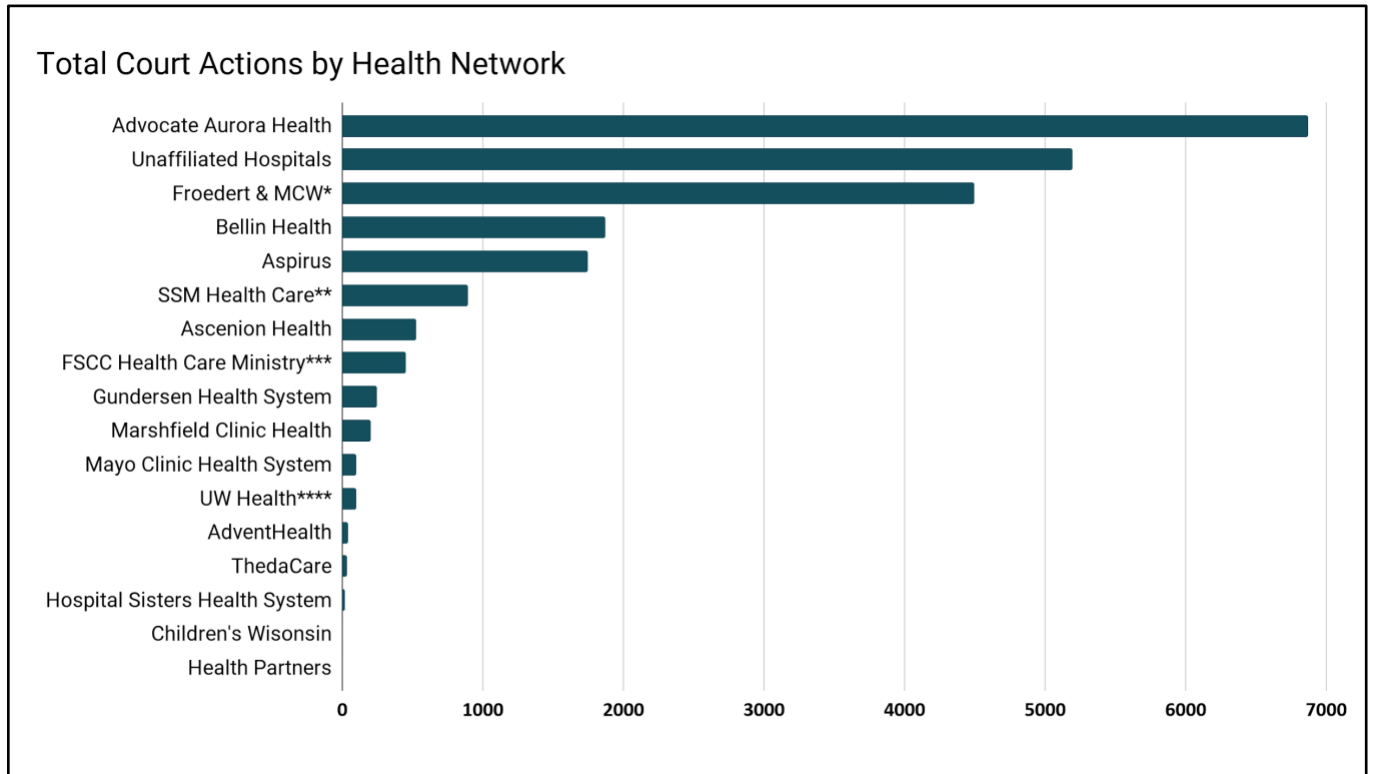
Table 1: The number of court actions filed by individual hospitals over the study period (January 1, 2018 – July 31, 2020).

Hospital	Total Court Actions from 2018 – 2020
Froedtert Hospital	4495
Bellin Hospital	1872
Reedsburg Area Medical Center	1472
Aspirus Langlade Hospital	749
Tomah Health	719
The Monroe Clinic Hospital	680
Aurora BayCare Medical Center	607
Aurora Medical Center in Burlington	567
Aspirus Riverview Hospital	529
Aspirus Medford Hospital	472
Holy Family Memorial Medical Center	455
Essentia Health Saint Mary's Hospital - Superior	417
Upland Hills Health	339
Grant Regional Health Center	294
Ascension Good Samaritan Hospital	289
Aurora Medical Center Grafton	271
Black River Memorial Hospital	230
Vernon Memorial Healthcare	219
Memorial Medical Center	192

Prairie Ridge Health	186
Mile Bluff Medical Center	182
Southwest Health	151
Gundersen Tri-County Memorial Hospital	147
Marshfield Medical Center	134
Orthopaedic Hospital of Wisconsin	134
Sauk Prairie Memorial Hospital	134
Hayward Area Memorial Hospital	107
Ripon Medical Center	104
Edgerton Hospital and Health Services	100
Gundersen Lutheran Medical Center	98
Ascension Calumet Hospital	97
University Hospital	96
Crossing Rivers Health	81
Aurora Psychiatric Hospital	76
Waupun Memorial Hospital	65
Flambeau Hospital	64
Oakleaf Surgical Hospital	61
Burnett Medical Center	50
Ascension Saint Michael's Hospital	48
Ascension Eagle River Memorial Hospital	47
SSM Health Saint Mary's Hospital - Madison	44
AdventHealth Durand	41
Watertown Regional Medical Center	38
ThedaCare Regional Medical Center-Appleton	34
Spoooner Health	33
Ascension Sacred Heart Hospital	26
Mayo Clinic Health System in Eau Claire	22
Memorial Hospital of Lafayette County	21
HSHS Sacred Heart Hospital	12
Ascension Our Lady of Victory Hospital	11
Aurora West Allis Medical Center	10
Cumberland Memorial Hospital	10
Indianhead Medical Center	10
Mayo Clinic Health System- Northland in Barron	10
Aurora Medical Center Washington County	8
Howard Young Medical Center	8
Mayo Clinic Health System - Red Cedar	5
Beloit Memorial Hospital	4
HSHS Saint Nicholas Hospital	4

The Richland Hospital	4
Aurora Medical Center Oshkosh	2
Children's Wisconsin	2
Door County Medical Center	2
Marshfield Medical Center Rice Lake	2
Mayo Clinic Health System - Chippewa Valley in Bloomer	2
Saint Croix Regional Medical Center	2
Westfields Hospital & Clinic	2
Ascension SE Wisconsin Hospital-St. Joseph Campus	1
Froedtert Menomonee Falls Hospital	1

Figure 1: The number of court actions filed by individual health networks over the study period (January 1, 2018 – July 31, 2020).



*Froedtert & Medical College of Wisconsin

**Sisters of St. Mary Health Care

***Franciscan Sisters of Christian Charity Health Care Ministry

****University of Wisconsin Health

Figure 2: The yearly number of court actions filed by hospitals in 2018, 2019, and 2020.

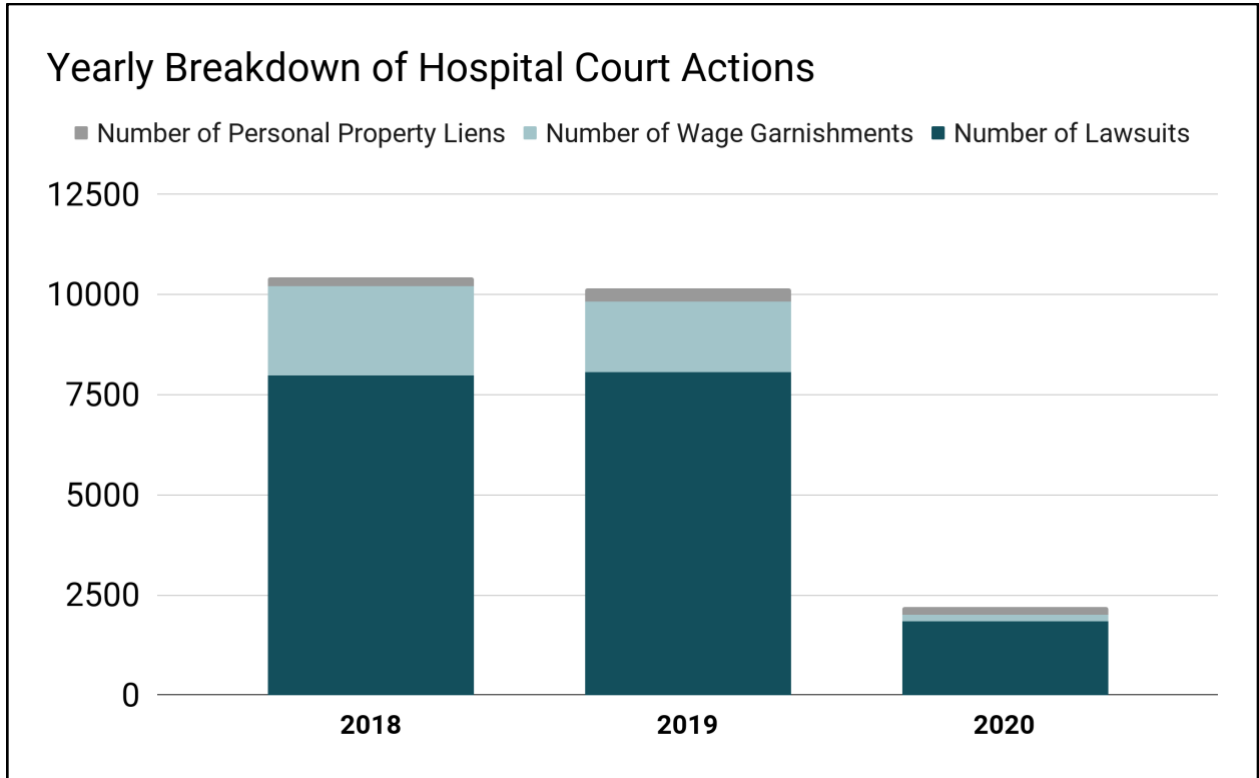


Table 2: Characterization of hospitals that sue in comparison to hospitals that do not sue.

Characteristic	Hospitals that Sue (N=69)	Hospitals that do not Sue (N=90)
Non-profit (%)	81%	63%
For Profit (%)	16%	22%
Government Owned (%)	3%	14%
Average Markup	2.74X	2.71X
Average Gross Revenue	\$496 M	\$375 M
Average Low Institute Charity Care Rating	2.91	2.79
Median Leapfrog Hospital Safety Grade	B	C

Figure 3: Number of court actions filed monthly from January 1st, 2018 – July 31, 2020.

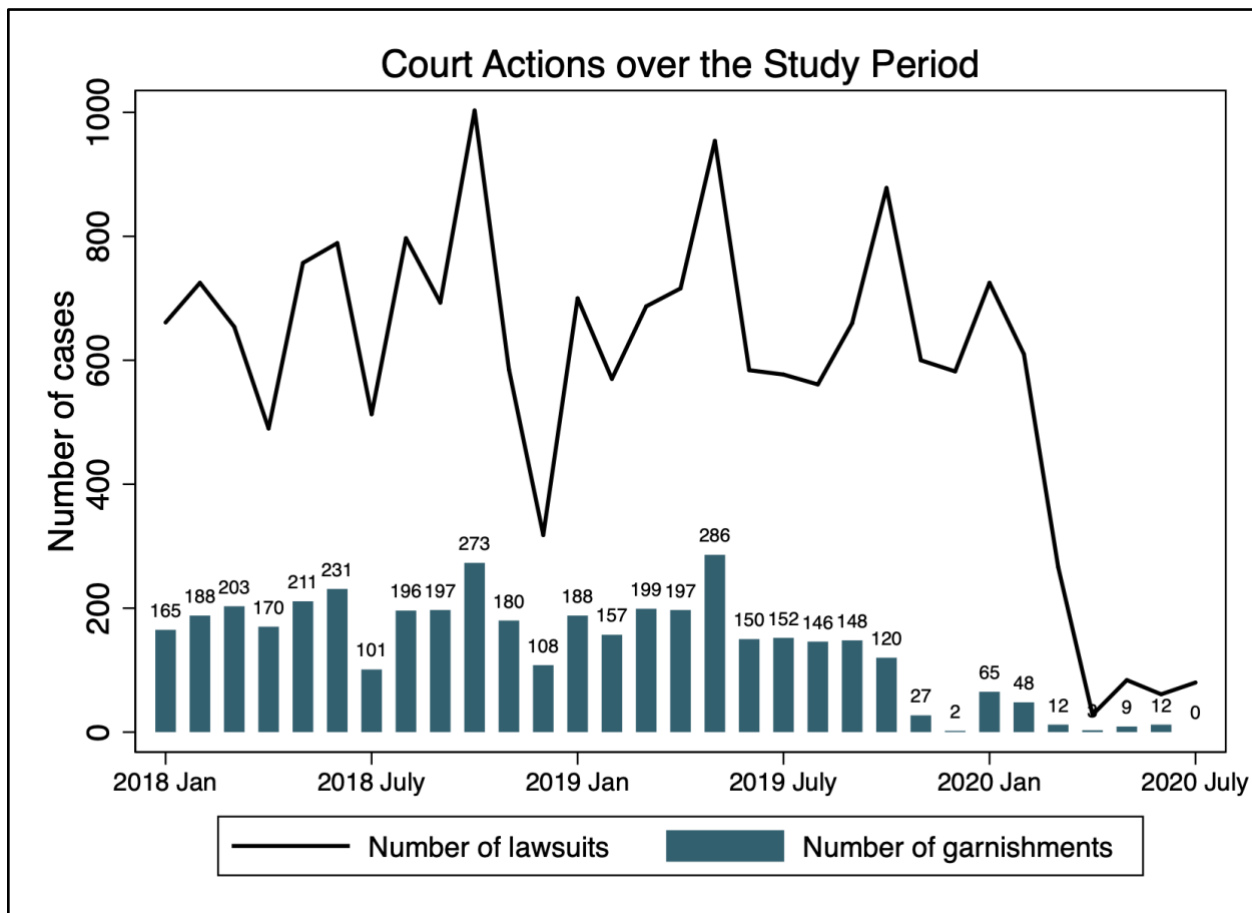


Table 3: Court actions filed by hospitals during the pandemic (March 18, 2020 – July 31, 2020).

Hospital Name	Total Number of Court Actions	Number of Cases After COVID	Number of Garnishments After COVID	Number of Hospital Liens After COVID
Reedsburg Area Medical Center	161	139	22	0
Froedtert Hospital	102	6	0	96
The Monroe Clinic Hospital	23	20	3	0
Grant Regional Health Center	11	11	0	0
Bellin Hospital	8	8	0	0
Southwest Health	5	5	0	0
Sauk Prairie Memorial Hospital	4	4	0	0
Hayward Area Memorial Hospital	3	2	1	0

Figure 4: Court actions filed by all hospitals five months before the pandemic (October 2019 – February 2020) and during the first five months of the pandemic (March 2020 – July 2020)

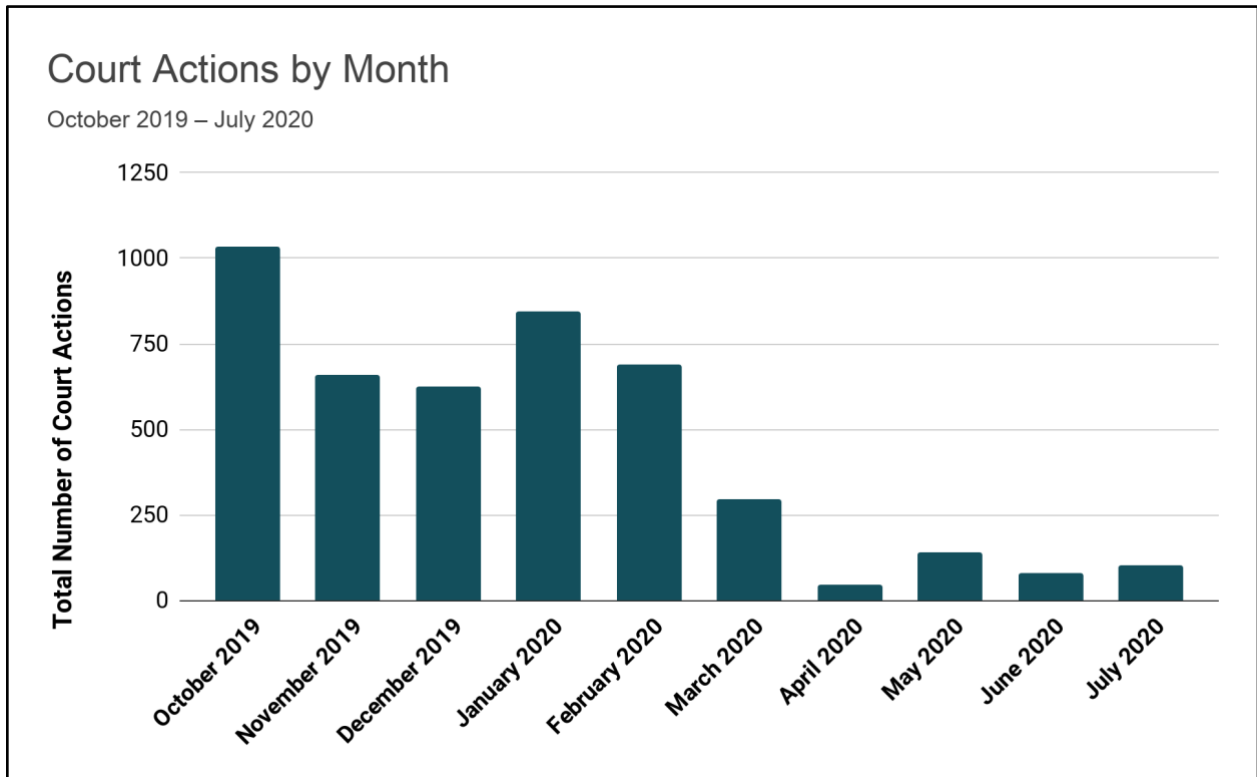


Table 4: Advocate Aurora Health System’s court actions and amount pursued in court by month four months before and four months after a statement to cease all medical debt lawsuits.

Month	Total Number of Court Actions	Total Judgement Amount, \$
October 2019	512	\$776,013
November 2019	324	\$367,589
December 2019	143	\$47,436
January 2020	276	\$82,606
February 2020	37	\$10,018
March 2020	0	\$0
April 2020	0	\$0
May 2020	0	\$0
June 2020	0	\$0
July 2020	0	\$0

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