

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: HB2427

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Freitas

3. Committee: Health, Welfare and Institutions

4. Title: Hospital price transparency; private right of action; patient payment disputes; noncompliance.

5. Summary: Allows patients to bring an action against a hospital that is not in material compliance with hospital price transparency laws. Under the bill, if a hospital is not in material compliance with hospital price transparency laws on the date that an elective procedure, test, or service is provided to a patient by the hospital, the patient may bring an action, individually or jointly, against the hospital to recover payment of the price of the elective procedure, test, or service. Under the bill, a hospital that is not in material compliance with hospital price transparency laws on the date that an elective procedure, test, or service is provided to a patient is liable for the price of the elective procedure, test, or service provided and an additional equal amount as liquidated damages; interest accruing from the date the elective procedure, test, or service was provided; and reasonable attorney fees and costs. The bill requires the court, if it finds that the hospital knowingly was not in material compliance with hospital price transparency laws, to award the patient an amount up to triple the amount of the price of the elective procedure, test, or service and reasonable attorney fees and costs. Under the bill, beginning July 1, 2023, whenever a dispute arises between a hospital and a patient over a patient payment amount, the hospital's list of standard charges for all items and services shall be used to determine the correct payment amount and reasonableness of the payment. The bill also prohibits a hospital, defined in the bill, or other person or entity collecting on behalf of the hospital, from initiating or pursuing collection actions against a patient or patient guarantor for debt incurred by the patient on the date or dates of service when the hospital was not in material compliance with federal hospital price transparency laws.

This fiscal impact statement has been revised to include additional information.

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: Indeterminate, see item 8.

- 8. Fiscal Implications:** The total impact the provisions of this legislation would have on the Virginia Department of Health cannot be determined. VDH anticipates that the provisions of the bill would lead to an increase in complaints against hospitals for failure to comply with hospital price transparency requirements, as a plaintiff's case may be bolstered with evidence that VDH investigated a hospital for noncompliance with the requirements and subsequently determined the hospital was indeed noncompliant. Since Virginia's hospital price transparency requirements will not be effective until July 1, 2023, VDH does not have readily available data to estimate the potential volume of complaints that may be generated from this legislative change and cannot estimate whether it can be absorbed with existing resources. As such, the fiscal impact is indeterminate.

This bill could also impact the states two teaching hospitals, the UVA School of Medicine and the VCU School of Medicine. This bill creates a private right of action if/when hospitals are out of material compliance and calls for treble damages in the case a hospital is knowingly out of compliance. It cannot be determined the impact of potential lawsuits, but given the activity associated with the patients' advocacy group that has brought this forward, there is an expected increase in litigation.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Department of Health

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.