Research Letter

FREE

Prevalence and Characteristics of Virginia Hospitals Suing Patients and Garnishing Wages for Unpaid Medical Bills

William E. Bruhn, BS[1]; Lainie Rutkow, JD, PhD, MPH[2]; Peiqi Wang, MD, MPH[1] ;et al

» Author Affiliations |Article Information

JAMA
Published Online: June 25, 2019
2019;322;(7):691-692.
doi:10.1001/jama.2019.9144

An estimated 20% of US consumers had medical debt in collections in 2014.[1] Medical debt has been increasing with direct patient billing, rising insurance deductibles, and more out-of-network care being delivered, even at in-network facilities. Bills sent directly to patients may use the undiscounted price of a hospital's services and can result in financial hardship[2] and avoidance of future medical care.[3] Hospitals need to be paid for care delivered, but some bills are unpaid. Hospitals may negotiate, reduce, or write off payments. Some have begun adopting a range of aggressive strategies for collecting unpaid bills, including suing patients and garnishing their wages or bank savings.[3] We examined garnishment legal actions among Virginia hospitals.

Methods

We searched 2017 Virginia court records on completed warrant-in-debt lawsuits (defined as a party suing an individual for an unpaid debt) filed by hospitals resulting in garnishment of a patient's wages. Data were collected from the General District Court Online Case Information System within the Virginia Judicial System website.[4] We searched for civil cases categorized as "warrant in debt" and "garnishment" in each Virginia district that contained the words "hospital" or "medical center" and extracted all cases in which a medical entity was the plaintiff against an individual. Virginia was chosen because of its consolidated online court records and because the state contains a broad mix of income, political party constituents, and metropolitan and rural areas. We used the American Hospital Directory to identify hospital characteristics (Table 1) and collected employer data from court records. We used a nonparametric negative binomial model (ie, a generalized additive model with a negative binomial response) to study hospital characteristics associated with the number of wage garnishment cases per hospital per year. Statistical analyses were performed in R version 3.4.0 using the GAMLSS package.[5] The statistical significance level was set at $P < .05$ using 2-sided tests.

Table 1. Characteristics of Virginia Hospitals That Did and Did Not Garnish Patient Wages in 2017 (N = 135)[a]

Go to Figure in Article

Results

We identified 20 054 warrant-in-debt lawsuits and 9232 garnishment cases in 2017. Garnishing was conducted by 48 of 135 Virginia hospitals (36%), of which 71% were nonprofit and 75% urban, compared with 53% nonprofit and 91% urban among hospitals that did not garnish (**Table 1**). The mean annual gross revenue of garnishing hospitals was $806 million and the mean amount garnished per hospital was $722 342 (0.1% of gross revenue). The mean amount garnished per patient was $2783.15 (range, $24.80-$25 000). The mean number of garnishments per hospital was 82, and 8399 patients had wages garnished.

Garnishments were more likely among nonprofit vs for-profit hospitals (incidence rate ratio [IRR], 11.52; 95% CI, 2.05-64.64) and hospitals with a higher markup ratio relative to the Medicare allowable amount (IRR, 2.81 per 100% increase; 95% CI, 1.69-4.69) (**Table 2**). Garnishments decreased with annual gross revenue (IRR, 0.76 per $100 million; 95% CI, 0.65-0.89). Five hospitals (4 nonprofit and 1 for-profit) accounted for 51% (4690/9232) of all garnishment cases in the state.

Table 2. Hospital Characteristics Associated With Wage Garnishment[a]

Go to Figure in Article

The most common employers of those having wages garnished were Walmart, Wells Fargo, Amazon, and Lowe's, accounting for 8% of patients whose wages were garnished.

Discussion

Thirty-six percent of Virginia hospitals garnished wages in 2017, with a small number of hospitals accounting for most cases. Some characteristics suggest that hospitals with greater financial need (nonprofit, lower annual gross revenue) may be pursuing debt collection to the final stage of garnishment.

This study has some limitations. Importantly, patient-level data beyond the name of the employer was not available and thus conclusions could not be made about the association of income, insurance, or employment with garnishment. Implications may differ depending on whose wages are being garnished. In addition, the findings are

wide confidence intervals. Future studies should examine the contribution of garnishment to a hospital's revenue and the effect of garnishment on patients.

Section Editor: Jody W. Zylke, MD, Deputy Editor.

Article Information

Accepted for Publication: June 12, 2019.

Corresponding Author: Martin A. Makary, MD, MPH, Department of Health Policy and Management, Johns Hopkins University, 600 N Wolfe St, Blalock 665, Baltimore, MD 21287 (mmakary1@jhmi.edu).

Published Online: June 25, 2019. doi:10.1001/jama.2019.9144

Author Contributions: Mr Bruhn and Dr Wang had full access to all of the data in the study and take responsibility for the integrity of the data and the accuracy of the data analysis.

Concept and design: Bruhn, Overton, Makary.

Acquisition, analysis, or interpretation of data: Bruhn, Rutkow, Wang, Tinker, Fahim.

Drafting of the manuscript: Bruhn, Wang, Tinker, Makary.

Critical revision of the manuscript for important intellectual content: Bruhn, Rutkow, Fahim, Overton.

Statistical analysis: Bruhn, Wang.

Administrative, technical, or material support: Tinker, Fahim, Overton, Makary.

Supervision: Makary.

Conflict of Interest Disclosures: Dr Makary reports receipt of payment for a book published by Bloomsbury USA. No other disclosures were reported.

References

1. Consumer Financial Protection Bureau. *Consumer Credit Reports: A Study of Medical and Non-medical Collections*. https://files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf. December 2014. Accessed June 2018.

2. Cook K, Dranove D, Sfekas A. Does major illness cause financial catastrophe? *Health Serv Res*. 2010;45(2):418-436. doi:10.1111/j.1475-6773.2009.01049.x
PubMed | Google Scholar | Crossref

3. Weinick RM, Byron SC, Bierman AS. Who can't pay for health care? *J Gen Intern Med*. 2005;20(6):504-509. doi:10.1111/j.1525-1497.2005.0087.x
PubMed | Google Scholar | Crossref

5. Rigby RA, Stasinopoulos DM. Generalized additive models for location, scale and shape (with discussion). *Appl Stat*. 2005;54(pt 3):507-554.
Google Scholar