



Medical Debt & Collections Addendum *UW Health System 2020*

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About ABC for Health:

ABC for Health is a Wisconsin
based nonprofit public
interest law firm dedicated
to linking children and
families, particularly those
with special health care
needs, to health care
benefits and services.

ABC for Health's mission is to
provide information,
advocacy tools, legal
services, and expert support
needed to obtain, maintain,
and finance health care
coverage services.

Extending Our Research:

In a continuation of our previous medical debt and collections research,¹ ABC for Health conducted a comprehensive review of circuit court records to compile data on medical debt lawsuits filed by the UW Health System in Wisconsin in 2020. This research has offered insight into the effect of the COVID-19 pandemic on medical debt collection.

Our Findings:

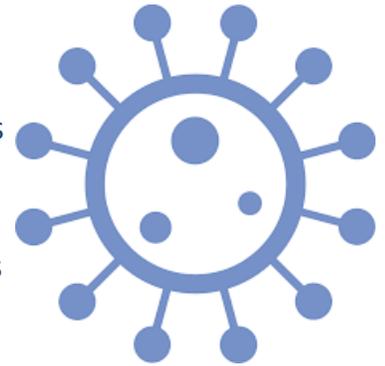
Patients were unrepresented in over 99% of cases.

- In 2020, UW Health System filed **119** collections actions against patients.
- This is roughly a **64% decrease** from the rate in 2017-2019.
- **58** of these actions (49%) ended in some form of dismissal (including stipulated dismissals contingent on a payment plan).
- **104** suits were filed in January; **5** in February; and **10** in March.
- Defendants were unrepresented in **over 99%** of cases (118).
- In cases where the amount sought was available, UW sought **\$129,504.57** from patients, which makes up **0.3%** of UW's reported bad debt in 2020.²
- That number swells to **\$145,473.07** including attorney's fees & court costs.
- Of the cases that ended in judgment for UW, **98%** were default judgments.
- The average judgment, including costs and fees, was **\$2,384.80**
- The largest amount collected was **\$17,178.87**, in a judgment entered 3/16/20.
- UW filed **6** suits after the pandemic began (March 12, 2020), all on or before March 31, and all were eventually dismissed.
- In addition, **7** suits filed before the pandemic were actively prosecuted by UW into the pandemic era.
- **\$28,941.22 (\$31,009.72 with fees)** was sought by UW in 2020 in actions filed or prosecuted during the pandemic.

A Better Way Forward for Wisconsin

UW Collections Actions Practices During the COVID Pandemic

UW ceased filing lawsuits by the end of March 2020, and never resumed for the rest of the year (a cursory glance at 2021 data suggests that they still have not resumed filing suits). In fact, the monthly breakdown of cases shows that UW drastically reduced their litigation in February, whereas most systems we have seen didn't respond to the pandemic until late March or April. It's possible that UW intended to ramp down their lawsuits for reasons entirely unrelated to the pandemic, though several cases were explicitly dismissed "due to COVID-19".



An Eye on Dismissals

As noted above, nearly half of the cases filed by UW in 2020 ended in some form of dismissal. While this is generally good news for patients in medical debt, it is important to note that a dismissal doesn't necessarily solve the problem for the consumer.

Of the 58 dismissals, at least 12 were dismissals *without prejudice*, meaning that UW could reopen the cases at a later date (11 cases were dismissed due to full payment, which would likely be a dismissal *with prejudice*, and the remaining 35 cases were silent on the nature of the dismissal).

In fact, in some cases it is noted that the dismissal is due to the formation of a payment plan, and that if the patient defaults on said plan, default judgment will be entered *ex parte* by the court (without any action taken by either party). Practically, this kind of arrangement isn't much better for patients than a court judgment.

Even without the threat of an *ex parte* judgment, an unrepresented defendant is at an inherent disadvantage at the bargaining table, and might be forced to accept unfair terms, or be saddled with charges that are in fact not legitimate. To properly balance the scales of justice and promote equity, there is no substitute for accessible civil legal services for medical debt defendants.

Sources:

1. Medical Debt & Collections: A Better Way Forward for Wisconsin, available at: [https://www.safetyweb.org/PDFs/Medical Debt and Collections.pdf](https://www.safetyweb.org/PDFs/Medical%20Debt%20and%20Collections.pdf)
2. Wisconsin Hospital Association, Uncompensated Health Care Report, Fiscal Year 2020, available at: https://www.whainfocenter.com/Data-Products/Publications/Uncompensated-Health-Care-Report-Wisconsin/Uncompensated_2020