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PROGNOSIS: PROFITS LAST IN SERIES

Experts: Hospitals need scrutiny

BY AMES ALEXANDER, KAREN GARLOCH AND JOSEPH NEFF
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They say lawsuits and a lack of state rules leave patients vulnerable

In California, hospitals looking to collect on bills can't seize wages or put liens on the homes where patients live.

In Texas, nonprofit hospitals are required to provide a minimum amount of charity care.

In Washington state, hospitals must

provide free or discounted care to indigent patients - and report to the state how much they spend to provide that treatment.

No such laws protect North Carolina's patients.

An investigation by the Observer and The (Raleigh) News & Observer found that N.C. hospitals get tax

breaks worth hundreds of millions, but most are doing little to help the poor. Instead, many hospitals are pursuing uninsured patients with lawsuits or collections agencies that can destroy their credit.

Patient advocates say the state could do far more.

"North Carolina is not in good

shape," said Jessica Curtis, a hospital expert for Community Catalyst, a Boston group working to improve access to health care. "If you're a consumer in North Carolina and you need free care, there's nothing in the state law or the regulations that would protect you."

Changing the regulatory landscape

in North Carolina won't be easy. Any lawmakers attempting to bring about significant change will likely find themselves hearing from well-connected hospital lobbyists.

But consumer advocates and industry experts say clear rules and better information are crucial to protecting patients.

INSIDE

Seven ways advocates say N.C. could help hospital patients. 8A



2008 CHARLOTTE OBSERVER FILE PHOTO

Charlotte Bobcats owner Michael Jordan responded to criticism from former coach Larry Brown, right.

JORDAN DEFENDS BOBCATS

Owner stands by rebuilding process as criticism reaches national stage

BY RICK BONNELL
rbonnell@charlotteobserver.com

Michael Jordan was the ultimate winner as an NBA player, leading the Chicago Bulls to six titles. Now he's associated with what could be the worst season in NBA history.

The Charlotte Bobcats, bought by Jordan in March 2010, are 7-58 after Wednesday night's loss to the Orlando Magic. A loss in Thursday night's season finale against the New York Knicks would leave them with the worst winning percentage in league history (.106).

Last is not a place where Jordan is comfortable, in business or basketball. The world's premier pitch man, his Jordan Brand is the biggest name in basketball shoes and apparel.

Jordan, in an exclusive interview with the Observer, said Wednesday that his fame and suc-

SEE JORDAN, 4A

WBT WON'T RENEW LARSON'S CONTRACT

Radio talk show host Keith Larson, informed by WBT-AM (1110) that his contract would not be renewed, opened his program Wednesday with a blast at a new target: his own station. 4B

The Vue condo tower heads to foreclosure

A sale could leave buyers with no condo and without their deposits. 2B

Gingrich tells Romney he will quit race

Says he's "committed to helping him." 6A

4 seriously hurt in light-rail collision

Car pushed onto tracks at Remount. 1B



Larson

Edwards strikes back at Young



TRAVIS DOVE - NEW YORK TIMES

Former Sen. John Edwards and his daughter Cate Upham arrive at the U.S. District Court in Greensboro on Wednesday. Edwards, a former Democratic presidential candidate, is being tried on six felony charges, four involving whether he accepted illegal campaign contributions.

Defense attorney batters ex-political aide during cross-examination

BY ANNE BLYTHE
ablythe@newsobserver.com

GREENSBORO — By Andrew Young's account, his last face-to-face encounter with John Edwards was in a black Chevy Tahoe parked on a rural roadside not far from Chapel Hill. The meeting ended, Young said, with the former Democratic presidential candidate turning to his political aide as he exited Edwards' SUV with a terse farewell: "You can't hurt me, Andrew."

That didn't stop Young from trying. He wrote a book revealing

dark secrets of the 2008 presidential campaign. And then, after receiving immunity, he took the stand as the government's lead witness against Edwards, who is on trial in federal court, accused of violating campaign-finance laws.

But on Wednesday, it was Edwards' turn to strike back as his lead defense attorney opened what could be days of cross-examination aimed at damaging Young's image

and credibility.

With copies of his book, transcripts of speeches, copies of campaign schedules and stacks of email and other correspondence, defense lawyer Abbe Lowell, a prominent Washington, D.C., lawyer with a Brooklyn accent, fired question after question at Young.

Young, who had little difficulty recounting events and conversations in great detail for prosecutors, often responded, "I don't know" or "if you say so" when asked by Lowell whether he had given earlier accounts that con-

flicted with his testimony.

Lowell accused Young of fabricating scenes and playing loosely with facts in many of his accounts.

He read from pages of "The Politician," Young's 2011 book, transcripts of Young's speeches and copies of his emails when questions arose.

Lowell pointed out that Young had written in email messages about his utter distaste for the former Democratic presidential candidate and had conversations about how John and Elizabeth Ed-

SEE EDWARDS, 12A

DNC fundraisers look for the union label

With corporate and PAC money off-limits, local committee courts labor

BY TIM FUNK
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In its hard climb to raise \$36.6 million for the Democratic National Convention, Charlotte's

host committee is reaching out to one of the party's perennial allies: labor unions.

They represent a potentially lucrative fountain of money. While the convention's new self-imposed fundraising rules prohibit cash donations from corporations, lobbyists and PACs, they put no limits on money from union treasuries.

In other words, organizers of the 2012 convention in Charlotte can't accept a penny in cash from businesses, but can take \$1 million or more from a labor union.

"It's in the master contract," said host committee spokeswoman Suzi Emmerling, referring to the Charlotte committee's 52-page agreement with the Democratic

National Convention Committee.

As a 501(c)(3) nonprofit, Emmerling said, the host committee can accept any amount from another group that has nonprofit status under IRS guidelines. Labor organizations, such as the AFL-CIO, are classified as 501 (c)(5).

On Monday, 30 or so labor rep-

SEE DNC, 4A

81° 61°

Forecast: Slight chance of thunderstorms. 8D

Ask Amy.....7D
Business.....2B
Classified.....6B
Comics.....6-7D
Editorial.....10A
Horoscope.....6D
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Seven ways to help N.C. patients

Require hospitals to post their charity care policies in prominent places

WHY IT MIGHT HELP: While most N.C. hospitals have charity care policies, uninsured patients don't always learn about them.

More than a third of N.C. hospitals – including Gaston Memorial Hospital in Gastonia and Lake Norman Regional Medical Center in Mooresville – provide no details about their charity care policies on their websites.

About two-thirds of the more than 30 uninsured patients interviewed by the newspapers say they were never informed about charity care when they sought treatment from N.C. hospitals.

And during visits to emergency rooms at several area hospitals, an Observer reporter found no information about the hospitals' charity care policies.

Advocates say more patients would learn about what help is available if hospitals were required to put information about their policies on their websites, their bills and the walls of their waiting areas and business offices.

"That's just a no-brainer," said Jessica Curtis, a hospital expert for Community Catalyst, a Boston group working to improve access to health care. "That should be something very easy for hospitals to comply with. If they can send a bill, they can also send a note about financial assistance or charity care."

WHOM IT MIGHT HELP: People like Tiffany Barnes. When Barnes was treated for kidney stones at Stanly Regional Medical Center in Albemarle in 2008, she and her husband, Jeremy, had no insurance.



Jeremy Barnes

The couple said they couldn't afford to pay the \$3,300 bill. The hospital filed suit to collect on it.

The family of five was surviving on about \$15,000 a year, so they appeared to qualify for financial assistance; the hospital's financial assistance policy stated that poor and uninsured people earning less than 150 percent of federal poverty guidelines were entitled to free care.

But the couple from Albemarle said they were unaware Stanly Regional had a financial assistance policy, and that no one at the hospital mentioned it.

"This right here – I've never seen that," Jeremy Barnes said when a reporter showed a description of the hospital's charity care policy.

WHAT HOSPITALS SAY:

The North Carolina Hospital Association notes that it provides links to charity care policies for most hospitals on its website: <https://www.ncha.org/issues/community-benefit>

"The vast majority of hospitals already post policies online, providing detailed information on eligibility requirements and whom to contact for information about financial assistance and charity care," wrote hospital association spokesman Don Dalton. "Hospitals also post notices in their buildings that lead people to charity care policies and people eager to assist them. These postings are done without legislative mandate."

Make it easier for patients to apply for charity care

WHY IT MIGHT HELP: Some hospitals ask patients to supply extensive documentation – such as multiple years of tax returns and the tax values and loan amounts of any vehicles owned.

For those suffering serious medical problems, retrieving such documents often isn't easy.

Said Adam Linker, an analyst at the N.C. Health Access Coalition: "It's not really charity care if you require that much reporting and make it that difficult."

Some hospitals and hospital systems – including Novant Health – run soft credit checks on uninsured patients, making it easier for patients to qualify for charity care. That system gathers financial information so that patients don't have to provide as much documentation. The checks don't affect patients' credit scores.

WHAT HOSPITALS SAY: "Without documentation of income and assets, it's difficult to qualify a patient for all the financial assistance to which they might be entitled," Dalton wrote.

"More importantly, we don't believe there is a hospital in our state that is denying anyone emergency treatment either because they cannot pay or because they do not have documentation readily available. After treatment, patients have ample opportunity to provide documentation that would qualify them for financial assistance."



TODD SUMLIN - tsumlin@charlotteobserver.com
Kenny Miller had heart surgery in 2007. He had little money and no insurance, but Carolinas HealthCare sued him to collect on a \$48,000 hospital bill. Now the hospital has a lien on his west Charlotte house.

Set state rules on who gets charity care

WHY IT MIGHT HELP: Patient advocates recommend that the state require hospitals to provide charity care to all making less than 200 percent of the federal poverty guideline. Rhode Island is among the states that have taken that step.

They say individuals earning that amount – which is equivalent to earning less than about \$11 an hour or \$22,340 per year – often lack the resources or insurance to pay expensive medical bills.

"A number of major hospitals in the state meet that, and it doesn't seem unreasonable to me," said Adam Searing, director of the N.C. Health Access Coalition.

Novant Health, for example, gives free care at all of its hospitals to patients earning less than 300 percent of the federal poverty guideline.

WHOM IT MIGHT HELP: People like Thomas and Edith Sprufera. The Wilkesboro couple brings home about \$18,000 a year. Edith is uninsured.

When Edith got a colonoscopy and other tests at Wilkes Regional Medical Center, in North Wilkesboro, a hospital official told them they didn't qualify for financial assistance because they made too much money, Thomas said.

Under the hospital's financial assistance policy, only patients whose family income is less than 125 percent of federal poverty guidelines can qualify for free care.

The Spruferas offered to pay the hospital \$20 a month, but the hospital refused and sued to collect on bills totaling more than \$9,000, Thomas said.

"We're not looking for free health care," Thomas said. "... But why can't they cut people some slack when they don't have the money and work with them?"

WHAT HOSPITALS SAY: Dalton, from the NCHA, said the association's board members discussed that issue several years ago at the urging of the N.C. Medical Care Commission

"We learned once again that North Carolina is not a one-size-fits-all state," Dalton wrote. "Some hospitals are in prosperous and diverse enough communities to make the 200 percent goal reachable. Others are not. For those, a 200 percent mandate would seriously undermine the hospital's ability to collect enough revenue to remain open."

Prohibit hospitals from putting liens on the homes of patients with few resources

WHY IT MIGHT HELP: The Observer and (Raleigh) News and Observer found that some N.C. hospitals are filing thousands of suits against patients to collect on unpaid bills. In many cases, the hospitals place liens against patients' property. Interviews and records suggest a significant number of those patients have no insurance and little income.

N.C. law allows public hospitals to garnishee up to 10 percent of patients' wages if they don't pay their bills – and if their income exceeds 200 percent of the federal poverty level. At least one N.C. hospital – Wilkes Regional Medical Center in North Wilkesboro – does that.

Says Jessica Curtis: "If a person can't pay a bill, why squeeze blood from a stone? Why go after the little bit of security they have in their income or owning their own home?"

WHOM IT MIGHT HELP: People like Kenny Miller. Suffering from an irregular heartbeat, the Charlotte resident got emergency surgery at Carolinas Medical Center in 2007.

Miller, a Vietnam veteran, had no health insurance other than his coverage from the Department of Veterans Affairs. That pays only a limited amount each year for medical care outside the VA system.

He and his wife were living on the \$650 in monthly disability payments he received.

When CMC mailed a bill for \$48,000, Miller said he had no way to pay it. Carolinas HealthCare System, the multibillion-dollar chain that owns CMC, sued, won a judgment and put a lien on Miller's three-bedroom house on Charlotte's westside. The home's tax value: less than \$70,000.

"If a man is sick, he doesn't stand a chance," Miller said.

WHAT HOSPITALS SAY: Hospitals contend they have a responsibility to try to collect from those who can afford to pay their bills.

"Without reasonable attempts to collect, hospital costs would continue to soar beyond the reach of more and more payors," wrote Dalton, of the hospital association. "... Placing a lien on a property enables a hospital to collect at a time when resources from the sale of that property are available."

Require credit agencies to remove medical debts from reports after the bill is paid

WHY IT MIGHT HELP: Once-delinquent medical bills can remain on a credit report for up to seven years, even if the bill has been paid in full.

U.S. Rep. Heath Shuler, a Waynesville Democrat, has introduced a bill to change that. His legislation would require credit reporting agencies to remove medical debts of less than \$2,500 from credit reports 45 days after the balance goes to zero.

Mark Rukavina, a patient advocate who heads a Boston-based nonprofit called the Access Project, said: "Here you have people doing the right thing – paying off their bill – and it can hurt their credit for up to seven years. ... It's wrong that people can have their credit ruined simply because they got sick – and then paid their bill."

Linker says he doesn't think Shuler's bill goes far enough: "I don't think medical debt should go on credit reports, period."

WHOM IT MIGHT HELP: People like Ronald Stephan.

Stephan said that a collections agency wrongly reported that he owed \$370 to



Stephan

Cleveland Regional Medical Center, when in fact his bill had been paid in full. It took him a year to get the bill off his credit report, he said.

Stephan said he has always prided himself on paying his bills, so it angered him to be treated like a

deadbeat.

"If I owe people, I pay them," the former Shelby resident said.

WHAT CREDIT BUREAUS SAY: Norm Magnuson of the Consumer Data Industry Association cautioned that lenders would likely want all information about a consumer's credit history in deciding whether to lend. He said his members have not taken a position on the bill.

Make hospital prices more transparent

WHY IT MIGHT HELP: Some experts recommend that the state collect insurance claims data for price estimates of common hospital procedures. Transparency could help patients find more affordable hospital care and put pressure on hospitals to cut prices.

Fourteen states – but not the Carolinas – require collection of health care cost data for use by consumers. New Hampshire and Maine have websites that show estimated prices of medical care for both insured and uninsured consumers. See New Hampshire: www.nhhealthcost.org. See Maine: www.healthweb.maine.gov.

Both Aetna and Blue Cross and Blue Shield of North Carolina have voluntarily created cost estimators for their customers.

WHAT HOSPITALS SAY: "Help for consumers in this area is quickly evolving – without the need for additional legislation," wrote the NCHA's Dalton.

Dalton said hospitals work with patients in advance to help determine costs, the state collects information from each hospital on the top 35 inpatient procedures, and the hospital association publishes that information on its website.

Former Novant Health CEO Paul Wiles said his system supports more transparency on cost. "That will have an impact on changing our behavior," he said. "Right now, it's next to impossible to do real price comparison."

Require hospitals to report their charity care spending to the state

WHY IT MIGHT HELP: The N.C. Hospital Association now asks its members to report information about their charity care spending to: <https://www.ncha.org/issues/community-benefit>

But reporting is voluntary, and a number of hospitals don't comply.

Patient advocates say better disclosure would likely encourage some N.C. hospitals to provide more financial help to uninsured patients.

Requiring hospitals to report the extent of their charitable spending isn't a new idea. Missouri, Connecticut and Illinois are among the nine states that require that an accounting of charity care be made public.

WHAT HOSPITALS SAY: "Charity care spending is already voluntarily reported on the NCHA website," Dalton wrote. "We expended significant resources to make this data available to everyone. We see little value in the state spending the same resources again to accomplish a redundancy. A state agency would be free to use the information on our website."

Meet the project team for the Prognosis: Profits series

Here's the team of journalists from *The Charlotte Observer* and *The News & Observer* who produced this series.

Ames Alexander, 49, an investigative reporter for *The Charlotte Observer*, has examined the mistreatment of injured poultry workers, dangerous trends in airline maintenance, lives endangered by slow ambulance service and many other subjects. His stories have won national honors from Investigative Reporters and Editors, the American Society of News Editors, the Robert F. Kennedy



Center and the National Press Club. Alexander has written for the *Observer* since 1993.

Karen Garloch, 61, *The Charlotte Observer's* medical writer, has written about hospitals and health care in North Carolina since 1987.

She worked with a team of reporters on the 2010 series that found many N.C. infants whose deaths were attributed to SIDS had slept in unsafe settings and possibly suffocated. She has also written award-winning serial narratives about a man who died of



cancer at home with hospice care and about one couple's heart-wrenching decision to bring to term a baby with a fatal birth defect.

Joseph Neff, 52, is an investigative reporter at *The News & Observer*. He has written extensively about criminal justice. He was part of a team that revealed broad misconduct in the State Bureau of Investigation in 2010, work that led to significant change and won the Michael Kelly Award, a national honor for courageous pursuit of truth. Neff also ex-



posed the misconduct of former Durham District Attorney Mike Nifong in the Duke lacrosse case. He joined the N&O in 1992.

David Raynor, 42, is news research database editor for *The News & Observer*. Raynor works with reporters in acquiring, maintaining and analyzing data. He has worked on several award-winning projects, including "Washed Away," last year's series on the state's failing program to restore polluted streams.



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Find the five-part series at charlotteobserver.com/hospitals.