



2014 - 2023

Landscape of Hospital Financial Assistance in Los Angeles County

Plain Language Summary



Medical Debt in Los Angeles County

Hospitals are more than just centers for medical treatment— they are part of the community. However, the high cost of hospital care coupled with limitations in health insurance coverage can leave patients with lasting debt. Medical debt affects 1 in 9 adult residents in Los Angeles (LA) County. This debt can put pressure on both patients and hospitals.

For patients, especially those with lower incomes or no insurance, medical debt can feel impossible to manage. Many people with medical debt simply don't have the money to pay their bills and often face more health challenges than others. Medical debt adds to their struggles, making it harder to manage money, stay mentally healthy, and take care of their physical health.

For hospitals, unpaid medical bills become “bad debt”, money that probably won't be collected. This puts pressure on hospital budgets and can make it harder to provide services.

Understanding where medical debt comes from—and finding better ways to prevent or reduce it—can improve both patients' financial well-being and hospitals' ability to deliver care.

How Financial Assistance Helps

One of the strongest tools hospitals have to prevent medical debt is financial assistance (FA). FA programs help reduce or eliminate costs for patients who can't afford to pay. The idea isn't new — it has traditionally been called charity care, which began when hospitals were first established to serve people in need, often by religious institutions or charitable organizations.

In California, all licensed hospitals are legally required to offer FA, regardless of whether they are for-profit, nonprofit, or public. Under the Health Care Debt and Fair Billing Act, Assembly Bill 1020, hospitals must:

- Give patients written information about how to qualify for FA,
- Post notices about FA in public areas,
- Share contact information for hospital staff and third-party groups that can help patients understand their bills.

The law sets some basic rules, such as requiring hospitals to provide FA to people making less than or equal to 400% of the Federal Poverty Level. However, each hospital can create its own policy, decide who qualifies, and determine how much help they'll give. That means patients often have to:

- Figure out if they're eligible,
- Fill out forms or submit documents,
- File appeals if their application is denied — sometimes with little help.

A recent national analysis found that \$14 billion of medical debt belonged to patients who should

have qualified for FA. Patients fall through the cracks for multiple reasons, including:

- Not knowing about FA policies or applications,
- Lack of follow-up from patients or hospitals to complete FA applications,
- Operational barriers on the side of the hospital.

Furthermore, hospitals that are struggling financially may prioritize keeping their doors open over providing financial assistance. Understanding more about how much FA hospitals are giving and comparing that to the financial health of the hospital can help us identify areas of improvement to protect people from medical debt.

Findings

To better understand how hospitals in LA County support patients through FA programs, we used federal and California state agency data to look at 69 hospitals from 2014 to 2023. To fairly compare hospitals of different sizes, we measured financial assistance as a percentage of each hospital's total income earned from patients, or "gross patient revenue". We also averaged hospital financial data over four years to smooth out yearly changes.

In 2023, these hospitals reported giving out a total of \$426.5 million in FA. By hospital type:

- Nonprofit hospitals (40 total) gave 48.0% of the total
- County-owned hospitals (4 total) gave 38.4%
- For-profit hospitals (22 total) gave 9.6%
- Other government hospitals (3 total) gave 4.0%

Even though the 4 County-owned hospitals serve only 16% of the county's Medi-Cal patients, they provided more than a third of all FA. This shows that other hospitals—especially those serving low-income patients—could be doing more to support their patients financially.

Looking at financial assistance as a share of revenue:

- All hospitals combined gave 1.2% of their patient revenue as FA
- County-owned hospitals gave 3.6%
- Nonprofit hospitals gave 0.9%
- For-profit hospitals gave 1.1%

Despite nonprofit hospitals being mission-driven and receiving tax exemptions to better improve community health, their spending on financial assistance was about the same as for-profit hospitals.

We found no clear link between how financially sustainable a hospital was or how many Medi-Cal patients it served and how much financial help it gave. This suggests that other factors—like leadership priorities or internal policies—play a big role in how much FA a hospital provides.

Across the U.S., hospitals in Medicaid expansion states spent more on FA.

- All hospitals combined gave 1.7% of their patient revenue as FA
- Government hospitals gave 2.7%
- Nonprofit and for-profit hospitals both gave 1.5%

If LA County's nonprofit and for-profit hospitals had matched that 1.5% level, they could have provided at least \$134.1 million more in financial help. Reasons for the gap include the kinds of insurance patients have, how many people are uninsured, and state policies around required FA spending.

Conclusions

Because hospitals have very different policies on financial assistance, the LA County Medical Debt Coalition's ongoing work is essential. Efforts in LA County to improve financial assistance include:

- Creation of a model financial assistance policy and application,
- Development of tools to pre-screen patients to see if they qualify for financial assistance,
- Collection of hospital data to track financial assistance activity and find areas of improvement.

These ongoing efforts will help to protect the residents of LA County from medical debt.

This is a plain language summary of the [Landscape of Hospital Financial Assistance in Los Angeles County, 2014-2023](#) report.