



N.C. Office of State Treasurer

Hospital Lawsuits

Interviews with North Carolina patients who have been sued by hospitals over medical debt and who owe thousands of dollars in medical debt judgments or in liens against their houses.

Introduction

7,517

patients and family members were sued for hospital bills.

North Carolina hospitals sued at least 7,517 patients over medical debt from 2017 to 2022, according to a new study from Duke University and researchers from the North Carolina Office of State Treasurer. Atrium Health, Mission Health, Sampson Regional Medical Center, Community Health Systems and Caromont Health filed 96.5% of these lawsuits.¹

At the request of State Treasurer Dale R. Folwell, CPA, the North Carolina Office of State Treasurer independently conducted a survey of patients to better understand how these hospital judgments affect patients' financial health. Researchers made more than 300 phone calls to contact defendants and conducted nine interviews. We have identified patients by only their court record number to respect their privacy.

These interviews confirm past research showing that medical debt harms patients' financial and physical health.² In response to hospital lawsuits, defendants increased their mortgages, canceled their retirement, and reported losing their primary source of equity and upward mobility when the hospital won liens against their houses.

Multiple defendants were also afraid to seek future health care because they dreaded being the subject of another lawsuit or lien against their house, while cancer patients said the financial stress was so overwhelming that it hurt their ability to recover. Their stories included:

An 80-year-old couple did not know there was a judgment worth roughly \$90,000 against them for medical bills that were over a decade old.

A cancer patient survived against incredible odds, but her illness cost her financial future. She can never afford to move because the hospital has a lien on her condo and she would lose her equity if she sold the property.

A 70-year-old woman knows she can never retire because the hospital has a \$192,385 lien against her house after her husband's heart attack. At the time, hospital representatives had assured the couple that they could receive financial help.

A family almost lost their house and their car after a broken leg interrupted the husband's ability to work and the hospital sued them for thousands of dollars.

A widower lost his wife to cancer, and the hospital put a lien against his house after canceling their payment plans and financial assistance. They had health insurance, but the lien was worth \$96,997.

Because of horror stories like these, the Office of State Treasurer is supporting the Medical Debt De-Weaponization Act to protect patients from usurious interest rates, opaque medical bills, and unfair medical debt collection. The Medical Debt De-Weaponization Act passed the North Carolina Senate unanimously, despite opposition from the hospital lobby, the North Carolina Health Care Association.³ The bill is currently awaiting movement in the House.

35.4%

of the total value of judgments is interest and fees.

Under current law, hospitals and debt collectors can charge 8% annual interest on medical debt judgments. Hospitals have used the court system to increase the value of the debt owed by their former patients. Interest charges and extra fees account for a full 35.4% of the total value of hospital judgments against patients from 2017 to 2022.⁴

For these patients, interest charges can be financially crippling, and more than 460 families owe more than \$10,000 in interest alone. This interest can continue to accrue at the rate of 8% each year for up to 20 years if hospitals choose to refile judgments after the first decade.⁵

The vast majority of judgments against patients were default judgments, meaning that patients were not represented or did not appear to argue their case in court.⁶ Our interviews with patients indicated that some did not even know about the lawsuits against them, while others were too sick to appear on the court date.

Most defendants said they did not understand the medical bills that they were being sued over. Unlike almost every other sector of the economy, hospital prices are notoriously opaque, and they vary wildly. Patients often do not know the price for health care services until they receive a bill for their care.⁷ This exposes patients to price markups that can be far above market rates. A colonoscopy might cost \$504 to \$5,397 across the largest hospitals in Raleigh-Durham.⁸ Furthermore, at least 40% of litigious hospitals marked up their charges to 500% of their costs or higher each year from 2017 to 2021, eclipsing the national average price markup.⁹

Health insurance coverage was not enough to protect defendants from crippling medical debt judgments. We interviewed patients who were uninsured and did not receive charity care, as well as patients who had health insurance but owed thousands of dollars.

Our survey of patients and court records found that hospitals are also suing patients over “surprise bills,” or unexpected bills that occur when a patient unknowingly seeks care from an out-of-network provider. These surprise bills have been decried as abusive and predatory by national advocates because they often charge extreme markups directly to patients, potentially wrecking their finances.¹⁰

Patients have little recourse under current law. One patient declared bankruptcy after a hospital sued him or her for more than \$140,000. In North Carolina, judgments automatically act as liens against any property that patients own in that county for up to 20 years. North Carolina law protects only \$35,000 of the value of a family home from debt collectors if the defendant earns minimum wage and supports two dependants, shielding just 15% of the median home value in the state.¹¹

In interviews, patients described feeling grateful that the hospital had not turned them out on the streets, but they were also terrified that the hospital could decide to take the home at any time. Some of these patients know they will never leave any legacy or inheritance for their families because of hospitals’ liens against their houses. Hospital lawsuits have cost these patients their upward mobility.

Total Judgment: \$192,384.84

Atrium Health charged a 70-year-old couple \$100,627.60 in interest.

“I guess they can take everything I have because I can’t let him die.”

This 70-year-old couple owes \$100,627.60 in interest to Atrium Health for medical bills that are more than a decade old. These interest charges doubled the size of their original \$91,402.24 debt to a total of \$192,384.84. Every day, interest adds \$20.03 to their debt.

When her husband suffered a heart attack in 2009, he was uninsured and only months away from qualifying for Medicare coverage. Worried about cost, the couple asked if they could postpone heart surgery by treating his condition with medication, but the hospital refused.

“They said that if you ever walk out these doors, you will never be allowed to come back and have that procedure here. They put us in a really difficult situation because my husband just about died. I’m trying to keep him alive, and they said we can’t come back. ... We weren’t stupid — I knew a heart surgery would cost thousands. ... I guess they can take everything I have because I can’t let him die.”

She said that hospital employees assured her that her husband could receive financial help with the bills.

“They told me that they would help us, they told me we wouldn’t lose our house. ... Well, that didn’t happen. The hospital took our house.”

The couple applied for financial assistance and were denied.

“I was making \$27,000, and my husband wasn’t making anything. We were just over the threshold to qualify. We applied for everything and were denied. I could have stopped working to get help, but that’s not me. I’m not going to live off the system. I am a working individual. I have a job and I’m grateful.”

For a time, the couple attempted to pay the hospital bill, but they soon realized that the interest charges added hundreds of dollars to their debt every month.

“The bill we owed them was so huge. My little bit of money was not making any dent. And that was when everything had gone to pot with the economy, and I decided that we needed to eat.”

The hospital that originally billed them later merged with Atrium Health, and the couple hoped that the debt would be written off in the merger. Instead, Atrium Health filed to extend the judgment for another 10 years. North Carolina law allows judgments against debtors to last for up to 20 years, and interest accrues at a rate of 8% each year.

“The hospitals are very vicious. I’m 70 years old, and I’m still working, knowing that we will never have any equity in this house. We’re just thankful that they didn’t put us out on the road because they could’ve. We’re not rich people. We went through everything to get help on those bills, and they said no.”

Medical bills have crushed their hopes for retirement.

“We will never retire. We’re paying medical bills out the wazoo. My husband has kidney cancer, heart problems, he’s been very sick. For me to quit, I can’t. ... I cannot afford for him not to be in his house until the day he dies — even though it’s not his house. It’s the hospital’s house.”

She now pays Atrium Health \$35 a month, knowing that she will never pay off the bill.

“They’ll take everything you have. I’m not rich, I can’t pay a quarter of a million dollars. It’s been heartbreaking because I take care of the house, pay insurance, taxes, and they’re going to take my house. My family does not have an inheritance.”

“People, where their God is money, they just don’t care.”

ATRIUM HEALTH PATIENT. CASE NUMBER 21-CVD-000200

Total Judgment: \$96,997.35

Mission HCA charged a widower \$11,232.32 in interest.

“We used to talk about the things we were doing to do, and now — I don’t know what I’m going to do. I just work.”

His wife was only 47 years old when doctors diagnosed her with stage three colon cancer. Her cancer proved fatal, but her death did not stop the hospital’s debt collectors from pursuing her medical bills and taking roughly \$90,000 from the sale of her home.

“My wife had a five-year battle with colon cancer. It started when Mission was a nonprofit. When HCA took over the hospital, about two years in, they nullified the payment arrangements we had and the charity care arrangements. We called and called — nothing.”

“The next thing we know, we’re getting paperwork for a judgment for \$83,000 for five years of bills. I tried to fight it, but the court date was postponed because my wife had treatments. The next time, my wife was in the hospital for pneumonia, and they wouldn’t postpone it again. So HCA got a default judgment.”

Researchers have verified that Mission Health filed the judgment on Jan. 17, 2020, a year after its merger with HCA Healthcare.

Like other patients identified in courthouse paper records, the couple had insurance through Blue Cross Blue Shield, but that did not protect them from owing the hospital thousands of dollars in medical bills.

He said that they “were trying and trying to be responsible and work things out.”

“These were bills that we were making payments on, but they refused to honor our payment plan. ... They demanded \$800 a month. But I couldn’t afford it — I’d just gone from two incomes to one, but they said that was it. ... They totally shut down charity care.”

“We had no idea that they could come after me and the property. Almost \$92,000 is what they took from the sale of my house. It went directly to them. I never saw that money.”

In his grief after his wife’s death, he felt he had to sell the house, despite the size of judgment.

“I couldn’t live there anymore. My wife and I had lived in that house for 20 years. I couldn’t live there anymore, not without her. Too many memories. Good memories, but too many. There were times when I hated to go inside the house and would sit in the car in the driveway.”

“Some of that money I was counting on for retirement. I’m 53, and I’m not going to be able to make that amount up in 10 years. We used to talk about the things we were going to do, and now — I don’t know what I’m going to do. I just work.”

“I don’t want to go to Mission. I will not go there unless I have to.”

MISSION HCA HEALTH PATIENT. CASE NUMBER 18-CVD-004238

Total Judgment: \$74,319.30

Atrium Health charged a cancer survivor \$21,432.74 in interest.

“I’m middle class, I don’t have a million dollars to pay medical bills.”

Atrium Health sued a 66-year-old cancer patient after she became so sick she was unemployable.

“I had a catastrophic illness. I’m older, and my family is all gone. I didn’t realize how sick I was, so I didn’t designate someone to oversee my finances. They sent me bills. I did ignore it for a long time. I was so out of it, and I knew I would get to it when I could. By the time I was able to grasp what was going on, they already had sued me and gotten a \$60,000 lien on my condo.”

“It was distressing because it [the condo] is my main source of equity.” She negotiated the lien down to roughly \$30,000.

“The amount is overwhelming because I have all my other medical bills related to that catastrophic illness. I don’t have the \$30,000 to pay it off. I’m willing, but I can’t. My credit is good. I pay my bills. ... I appreciate their effort and good will, but I don’t have \$30,000 unless I borrow it from the bank. Either would cripple me financially. I have to keep this condo until I die. It’s horrible.”

“The worst is what this does to a person emotionally from anxiety and stress. It aggravates any illness that a person has and hurts their ability to heal and be strong enough. I worry I won’t be able to make my payments and keep my home. It’s enough stress to make me crazy. It’s detrimental to the healing process.”

She did not have insurance during her catastrophic illness, and she cannot remember if she was offered charity care.

“I was unemployable, I was so sick. I couldn’t afford health insurance because it would have been \$1,200 a month. If I had been able to negotiate with the hospital, I might have been able to get a payment plan before it went to collections, but I was too sick to even think.”

“I had no idea how big this bill would be. ... There’s nothing I can do about it. I’m middle class, I don’t have a million dollars to pay medical bills.”

The lawsuit has caused her to associate seeking future health care with financial stress.

“If I don’t take preventative care, it’s a death sentence for me. I love life. But it’s a very stressful thing. I have to go to the doctor several times a year to make sure tumors aren’t occurring — tumors that want to kill me — but every time I do that, it eats up all my money. I’m 66 and working full time as hard as I can.”

“It’s not right.”

ATRIUM HEALTH PATIENT. CASE NUMBER 18-CVD-010004

Total Judgment: \$48,097.95

Atrium Health charged a struggling family \$22,965.33 in interest.

“We almost lost the house, the car, we couldn’t afford the mortgage”

Atrium Health sued this Hispanic couple after the husband broke his leg and the injury interrupted his ability to work. His wife described the devastating effect of the injury and the medical bills upon their family.

“He broke his leg, he fell, he had surgery, but at that time we could not pay the hospital. We didn’t have the money to pay, and it was a lot of money.”

“We didn’t have any insurance. We weren’t making too much. I wasn’t working, and my husband couldn’t work. ... We almost lost the house, the car, we couldn’t afford the mortgage because of his leg. A lot of things happened at that time.”

“[The bill] was a surprise. The hospital charged too much. ... Right now, we can afford it because he is working. But his surgery did affect his ability to work for a while. For a long time. ... I think, little by little, we can do it. We don’t want to lose the house. We’re trying to pay \$250 every month, save more money, and pay more. We can pay little by little, but we don’t know how long we’re going to go on paying.”

“It’s hard because when we need to [go get medical care], we have to. We have kids, so we have to go. The other day, my kid fell and had a problem with his knee. He went to the hospital. The ambulance came, and I have to pay \$900 for the ambulance. I don’t speak English very well. I pay \$50 a month, every month, and we still have one more bill.”

“It’s very hard to pay bills. The food now is very expensive. Everything is expensive now.”

ATRIUM HEALTH PATIENT. CASE NUMBER 21-CVD-004860

Total Judgment: \$22,278.46

Atrium Health charged a insured woman \$4,236.64 in interest.

“It makes you scared to even go to the doctor.”

Having health insurance did not protect a woman who worked in security from being sued twice by Atrium Health.

“I was paying the bill. When my husband and I tried to refinance the house to do some work on it, we found out that they had sued us and that there were two liens on our house — they didn’t contact us or nothing. We had to get a lawyer.”

Before the hospital’s lawsuit, she had spent almost four years going to the doctor for unexplained health issues. When her symptoms spiked, she drove herself to the hospital, where a nurse took her blood pressure, dropped the instrument in surprise, and rushed her towards the doctors.

“All of these doctors came flying over. To make a long story short, I had to have a blood transfusion — they had to give me three bags of blood. ... They said that if I’d gone home and gone to sleep, I wouldn’t have woken up. That’s how bad I was bleeding. I’d have bled to death in my sleep.”

After the emergency blood transfusion and a later surgery, she got two “gigantic” bills, despite having insurance.

“Insurance paid what little bit they paid, which was little to nothing. Working with security, you don’t have good insurance. You get what you get, pay this astronomical amount for insurance premiums, and then they don’t cover nothing.”

“[The hospital] told me that I could pay \$75, and they told me that it would keep it off my credit report. But then two years ago, when my husband and I tried to refinance the house, we found out that we had two liens on the house for the doctor bills — and I was paying them. How in the world could they do that?”

She settled for \$28,000 to remove the lien on her house. However, she is still paying a recent \$5,000 bill and fears another lien on the house. Paying off the hospital bills has increased their mortgage from \$1,999 to \$2,999 a month.

“We took our mortgage up — way up — to get it [the liens] off of the house. We were able to do it because the interest rates hadn’t skyrocketed yet. We didn’t have \$33,000, and we couldn’t get a personal loan.”

“If they’re going to do something like that, why not send you some kind of notice? They had an attorney to do it. Why couldn’t they get in touch with me to tell me you’re putting a lien on my house? I’m taking care of it, so why did you put a lien on the house?”

This was not her first experience with large bills from Atrium Health. In

2017, she went to the hospital with cardiac symptoms on Easter weekend, and the hospital asked to admit her overnight in order to perform a stress test. Despite assuring her that the holiday weekend would not delay her care, the hospital canceled the stress test.

“I didn’t get no medicine, nothing, it was just like I was at home, but they needed to monitor me overnight to make sure I was good for the stress test. I didn’t get the stress test or anything. But then I get this bill — but what it is for? You guys did absolutely nothing. They took me to court, and we had to settle.”

“It makes you scared to even go to the doctor because you don’t know what they’re going to charge you. It’s going to be another bill, another lien. Once they start messing with you, they don’t stop.”

“We’re still trying to pick up the pieces. I pay them every other week, and it’s on my credit report. I can’t save. I don’t have any money available at all to save. ... We wanted to get our backyard done, and we couldn’t even do that.”

“They drag money out of you from every direction. You work, pay taxes, it’s ridiculous — while they’re living like millionaires. And we’re struggling and working our butts off. And then they tell us to save — save what?”

ATRIUM HEALTH PATIENT. CASE NUMBER 20-CVD-002733

“They drag money out of you from every direction. You work, pay taxes, it’s ridiculous — while they’re living like millionaires. And we’re struggling and working our butts off. And then they tell us to save — save what?”

Total Judgment: \$37,697.85

Atrium Health charged a cancer survivor \$9,186.65 in interest.

“Unless I sell my house, I will never be able to pay that off.”

A cancer patient only learned that the hospital had filed a lawsuit to collect thousands of dollars from her when contacted by researchers from the Office of State Treasurer. She and her husband have lived in the same place for 30 years.

“I got no notice, no nothing. I haven’t gotten any notification. I haven’t been served with anything that I’m aware.”

She knew that her medical debt was worth thousands of dollars, but she previously believed that the medical debt was on a payment plan or in collections.

After cancer treatments, she owed \$28,000 in hospital bills. During immunotherapy treatments, she went into epileptic shock because she was allergic to the immunotherapy, which only had a 15% chance of working. She was also admitted to the hospital for a few days because of internal bleeding.

The majority of her medical bills were placed on payment plans with the private-equity backed “medical credit card” company AccessOne that partners with Atrium Health. According to her AccessOne portal, she still owed a balance of \$25,000 as of July 2023. AccessOne has taken roughly \$125 out of her husband’s bank account monthly since 2017.

“I’m retired and my husband is retired. We’ve got limited money and can only spread it around so far. ... Unless I sell my house, I will never be able to pay that off. If I could, I’d pay it off happily. They saved my life — I just don’t have the money right now.”

She now goes to the doctor every six months for a checkup. Each visit results in another bill.

“I rack up quite a bit of medical bills. It is a lot.”

ATRIUM HEALTH PATIENT. CASE NUMBER 18-CVD-001709

Total Judgement: \$118,702.32

Atrium Health charged a cardiac patient \$62,472.30 in interest

“The hospitals mark up bills so high. You’re only there because you’re sick – not to buy the hospital.”

Atrium Health sued a woman who needed emergency heart surgery after she was rushed to the hospital from her shift at Harris Teeter.

“It happened on a Sunday. I worked for Harris Teeter, stocking on the floor. I fell, and they called an ambulance. ... I was there eight hours in the ER because they didn’t have a bed upstairs in the heart wing.”

“My head was splitting from nitroglycerin. ... I kept asking the nurses to help me, but it took hours. It was the worst experience of my life in the hospital, but I’m paying for it.”

Eventually, Atrium Health transferred her by another ambulance to its heart wing in downtown Charlotte, where medical staff operated on her heart. She received two bills: One \$20,000 bill for her stay in the emergency room, and a second \$50,000 to \$60,000 bill for the heart surgery. She said she had health insurance, but the second bill was classified as outpatient, causing complications with her insurance coverage.

“You pay for insurance, but they don’t let you use it. ... I ended up having to pay for it. They took us to court and put a lien against our house. ... They finally took the lien off because I agreed to pay them. I don’t think it’s fair. I didn’t understand it. It’s still baffling to me.”

“It was pretty awful when they threatened us with our house. We’ve lived here for 26 years, and we’ve paid our bills every month.”

“It’s been an uphill battle.”

She was shocked by the bills, but she doesn’t know if the hospitals were out of her health insurance network. She said that the hospital did not offer her any financial assistance.

“Nobody was looking or checking [the hospitals’ network status]. When I went to the hospital, they hadn’t taken anything off the bill.”

After her hospitalization, she lost her job.

“Fresh Market told me they had to fire me in order for me to get disability insurance. I lost my job because I was sick.”

She currently pays \$100 a month to the hospital, but she does not know if she can ever pay off her debt during her lifetime.

“I just turned 70 last week. I don’t know if it’s going to be paid off before something happens to me. It’s not fair that the hospitals can do this to people. ... I don’t understand why the hospitals mark up bills so high. You’re only there because you’re sick – not to buy the hospital. It’s ridiculous that people have to go through this.”

“The big people at the hospitals are getting paid big money to tell us no.”

ATRIUM HEALTH PATIENT. CASE NUMBER 20-CVD-009182

Total Judgment: \$92,766.03

Atrium Health charged a cardiac patient \$23,551.85 in interest

“I’ve got humongous bills, but I don’t even know what they are for.”

After this patient survived a string of health emergencies, he found himself facing a lawsuit from Atrium Health.

In 2008, he stayed in Atrium Health’s hospital for two weeks after suffering a heart attack and stroke. He had health insurance through Golden Rule, but he still received hospital bills worth thousands of dollars.

In recent years, he has had little choice but to incur more medical debt. He suffered a series of health emergencies while taking care of this mother, who died in 2021.

“It would hurt me a lot to pay it off. Going into this, the only time I went to the hospital was because of a sprained ankle — but then I had a blood clot, a heart attack, a stroke, cancer, a staph infection, a hole in my heart. I was taking care of my mom and a house fire. ... The thing is, I had so many issues going on ... that I just pushed my bills and stuff aside. That was my fault. ... I have no idea what was going on in that time. My priority was trying to keep my mom going.”

Like other patients, he expressed frustration over the opaque medical billing system and the lack of itemized charges.

“My plan is to try to pay this bill. They did do a lot for me, and they deserve payment. I just want to know what I’m paying for. ... I’ve got humongous bills, but I don’t even know what they are for.”

“I have a retirement that I could use. If I have to, I could do that. I’m not out on the streets.”

The annual interest rate is 8% on medical debt judgments.

“My God, 8% a year — the housing market isn’t even that.”

ATRIUM HEALTH PATIENT. CASE NUMBER 20-CVD-004952

Total Judgment: \$92,841.81

Atrium Health charged a uninsured cardiac patient \$46,775.72 in interest.

“I had no idea the bill would be this big.”

After suffering a heart attack while self-employed and uninsured in 2008, a real estate assessor was sued for \$45,856.09 in medical debt. Atrium Health has spent more than a decade pursuing his debt, and he now owes more in interest charges than the original debt was worth.

“I understand in the state of North Carolina they can take your house. We settled for substantially less, about \$25,000, and I had to make it two payments, \$10,000 and \$15,000. It really stretched me. To be honest with you, last year was the first year I hadn’t been put asleep with prostate cancer [or another surgery]. It’s been a rough five-year period.”

The hospital included information about charity care in its billing statements, but he believed he would not qualify. Because hospital prices are opaque, he did not know that the surgery could leave him with a \$92,000 judgment.

“I had no idea the bill would be this big. I don’t know that much about the medical field. I know it’s expensive. They did save my life.”

He settled the bill two to three years ago after negotiating with the hospital himself without representation by an attorney. He says he offered to pay the largest amount that he could. At 69 years old, he is still working.

“I made an offer, and they accepted it. I felt like I could manage it. It would have been great if it was less, but that was all I felt could be done.”

ATRIUM HEALTH PATIENT. CASE NUMBER 19-CVD-00679

Excerpts of Court Records

De-identified testimony from paper court records collected from county courthouses.

Each of these excerpts quoted below were selected from individual court cases. The patients remain unidentified out of respect for their privacy.

“I don’t deny that I probably owe this bill, but there is no way I can pay this money.”

“Charges incurred were \$12,669.95. BCBS (Blue Value) determined that the charges were ‘out of network’ and paid \$2,720.50. ... In an out of network case such as this one, the insurer pays their contractual amount and the patient is responsible for the balance.”

“[The patient] does NOT agree ... due to inadequate documentation to show the value of the treatment was reasonable. .. [The patient] disputes these charges due to having Insurance at said time of treatment and that the Plaintiff has NOT filed a proper claim to the defendant’s insurance company.”

“Defendant filed her [bankruptcy] Petition and Plan under Chapter 13 of Title 11 of the US Code.”

“[It] should have been billed to BCBS [Blue Cross Blue Shield], and it wasn’t. It was billed to Medicost, and they didn’t pay anything. [A representative] at the law firm said she would contact the hospital to see if they could file correct insurance and would let me know so we would know the correct amount owed. ... We are still working on insurance issues.”

“Defendants lack information necessary to form a belief as to the truth or falsity of the allegations contained [in this lawsuit].”

“The Defendant who answers as follows: ... Lack of information to respond to the Plaintiff’s allegations as there is no breakdown of the charges.”

“Blue Cross Blue Shield did not cover any of the charges for Account ... due to reason code “PR227” (“Information requested from the patient/insured/responsible party was not provided).”

“The Defendants denied her [health insurance] coverage because the procedure performed on her by the doctor was robotic and robotic surgery was not medically necessary. That Doctor [name], MD, stated ‘In my professional opinion, the robotic hysterectomy is the safest approach with the fewest complications.’”

Under the case files of a defendant who owed more than \$140,000 in medical bills, “a case has been filed under Chapter 7 of the Bankruptcy Code.”

“We were unaware that a balance was still due ... At the time of service, on [date], we were unable to reside at our physical address ... due to construction. ... During construction, access was limited and damage occurred to our mailbox. All mail was set to be forwarded to a PO box, however, mail was misdelivered to neighbors and/or lost or damaged.”

Conclusion

Too many nonprofit hospitals have failed to honor their charitable mission. They were responsible for the vast majority of lawsuits against patients. As the majority of litigious hospitals did not justify a nonprofit hospital's tax exemptions with equivalent charity care spending,¹² nonprofit hospitals sued their former patients over surprise bills, denied patients' pleas for financial assistance, put liens on patients' homes and fueled generational poverty.

North Carolina's hospitals received more than an estimated \$1.8 billion in tax exemptions to support their charitable mission, yet some nonprofit hospitals billed nearly \$150 million to patients who likely qualified for free or discounted charity care under their own policies.^{13 14}

While nonprofit hospitals sued patients, their top executives earned total compensation that was greater than the total value of hospitals' judgments against patients during the same time frame (2017 to 2022).¹⁵ Atrium Health CEO Gene Wood — the CEO of the hospital system responsible for filing 42% of the 5,922 medical debt lawsuits — collected \$14 million in compensation in 2022.¹⁶

Patients have little recourse against hospital lawsuits. Most lawsuits ended in default judgments, which disproportionately impacted black defendants.¹⁷ When patients did try to fight the lawsuits against them, they argued that they lacked "information to respond to the Plaintiff's allegations as there is no breakdown of the charges." When hospitals did provide medical bills in courthouse paper records, these bills rarely gave any detail beyond total sums.

Hospital charges can vary wildly, and opaque prices make it difficult or impossible for patients to "shop" for affordable care. Within one hospital, the same knee replacement might cost \$22,865 to \$101,571, depending on patients' insurance.¹⁸ Many litigious hospitals had high price markups, with at least 40% levying price markups of more than 500% each year from 2017 to 2021.¹⁹

This is especially concerning because hospitals have sued patients over "surprise bills," after patients unwittingly sought care from an out-of-network provider, sometimes within an in-network hospital. One in five emergency department visits resulted in such bills before Congress passed the No Surprises Act of 2020.²⁰

Legally, it is difficult for patients to argue that hospital bills are overpriced because the North Carolina Supreme Court ruled against a patient who argued that his medical bill was excessive. To support his case, the patient observed that Atrium Health charged \$18.40 for one Diltiazem tablet, even though the CMS Pharmacy charged \$23 for 30 tablets, or a unit price of \$0.76. A dissenting judge objected that the court lacked evidence to decide whether the bill was fair, especially given the absence of itemized charges or information about standard market rates.²¹ After the ruling, national medical billing experts estimated that 80% of medical bills contain errors.²²

Almost a third of patients' total debt is from interest charges, which accrue at a rate of 8% on medical debt judgments. More than 460 patients owe more than \$10,000 in interest alone,²³ but an 8% interest rate is actually lower than the rate some of North Carolina's largest hospital systems levy on patients who are paying off their debt. Atrium Health and UNC Health have also enrolled more than 63,000 patients in "medical credit card" payment plans that can charge up to 18% interest through the private-equity backed company AccessOne.²⁴

Policymakers have recognized the urgency of this issue and have already taken action to strengthen consumer protections against medical debt collections. The North Carolina Senate unanimously passed the Medical Debt De-Weaponization Act, and the bill is awaiting action in the House. The bill would shield family members from incurring the medical debt of a spouse or family member, blocking hospitals' current practice of suing them. The bill would also safeguard people's access to itemized bills, require hospitals to screen patients for charity care, and protect patients from being charged facility fees unrelated to medical services when patients visit outpatient hospital facilities.²⁴

While our study focused on North Carolina, hospital lawsuits are a national scourge. Atrium Health, the hospital responsible for filing almost half of all medical debt lawsuits in North Carolina from 2017 to 2022, is now the fifth largest hospital system in the nation with 6 million patients. Atrium Health has already attracted media coverage for using the state of South Carolina to garnish patients' tax returns,²⁵ and its leadership has shown little inclination to stop suing its patients after local media exposed the practice. Current law offers few protections against medical debt, and patients have been unsuccessful in appealing for recourse to North Carolina's court system. It is time for policymakers to strengthen North Carolina's consumer protections against medical debt.

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