

Senate Judiciary Committee of the State of Kansas

**Testimony on Senate Bill 283
Sheriffs, Civil Process Fees
January 2012**

The SCL Health System **opposes** the passage of Senate Bill 283.

Senate Bill 283 would raise the cost of each attempt at service of process from \$5 to \$30, a 600% increase. Such an increase would be a significant burden on community hospitals.

SCL Health System has three hospitals in Kansas: St. Francis Health Center in Topeka, Providence Medical Center, and Saint John Hospital in Leavenworth. As good stewards of our resources, we have a responsibility to try to collect on medical bills which are not paid despite an abundance of opportunities for financial assistance. Unfortunately, hospitals must sometimes resort to legal action in order to collect on these bad debts.

At St. Francis Health Center alone, 400 to 500 such cases are filed each month. Our collection agencies tell us it takes an average of five attempts for service of process to succeed in each case. With an average of 450 cases in a month, 27,000 process service fees are incurred per year (450 x 5 x 12 months). Under the current fee structure, a \$5 fee will cost St. Francis \$135,000 (27,000 x \$5). Our collection agencies tell us about 65% of the fees or \$87,750 will be collected from people who had a bad debt and St. Francis must absorb the remainder, or \$47,250.

Under Senate Bill 283, The St. Francis bill for service processing will go from \$135,000 to \$810,000. Assuming the same collection rates (which is doubtful as the larger the amount due, the harder to collect these fees), about \$526,500 would be collected from people who had bad debts and St. Francis would absorb \$283,500.

Senate Bill 283 would increase of costs for collecting on bad debts for St. Francis Health Center – one hospital – by about \$236,250. Our hospitals already operate at thin or nonexistent margins. That number represents jobs.

We hope it is helpful for the Committee to have these calculations.

The proponents of Senate Bill 283 assert that the 600 percent increase in fees is necessary to cover costs. We do not find data on what other states charge to be a compelling argument about their costs. We urge the committee to reject Senate Bill 283 and not build the sheriffs' budgets on the backs of our community hospitals.

Respectfully submitted,

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