

North Carolina hospitals have sued thousands of their patients, new report finds

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North Carolina hospitals—led by the state's largest public medical system—have sued thousands of their patients since 2017, according to a new analysis that sheds additional light on the aggressive tactics U.S.

hospitals routinely use to collect from people who fall behind on their bills.

The report, produced by the state treasurer and Duke University School of Law researchers, and related patient interviews offer harrowing accounts of people pursued for tens of thousands of dollars and often surprised by liens that hospitals placed on family homes.

In some cases, spouses were targeted after their partners died. In others, [patients](#) interviewed by researchers said they'd been surprised to learn about property liens only after they tried to sell their homes or after a parent who owned the home died.

"I know my house will never be mine. It is going to be the [hospital's](#)," said Donna Lindabury, 70, whose home was targeted by Charlotte-based Atrium Health, which won a \$192,000 judgment against her and her 79-year-old husband over his 2009 heart surgery. Interest on the debt represented more than half of the couple's balance.

Lindabury said the hospital originally told them they could get assistance with the bills, but then denied their applications for aid. "People, where their God is money, they just don't care," she told researchers.

The North Carolina findings reinforce an investigation by KFF Health News and NPR, which found that most U.S. hospitals maintain policies to aggressively pursue patients for unpaid bills, using tactics such as lawsuits, selling patient accounts to debt buyers, and reporting patients to credit rating agencies.

Nationwide, about 100 million people—41% of adults—have some form of health care debt, according to a KFF poll. Medical debt is most widespread in the South, where chronic disease is more prevalent and many states haven't expanded their Medicaid safety net through the

Affordable Care Act. (North Carolina expanded Medicaid only this year.)

The North Carolina state treasurer released the new report as a growing number of states, including North Carolina, are working to expand protections for patients, often in the face of hospital industry lobbying.

"It's just another example of hospitals putting profits ahead of patients. It's like an onion. The more you peel it back, the more you cry," said Treasurer Dale Folwell, a Republican who for years has challenged hospital pricing and debt collection practices. "They should stop breaking people's kneecaps to collect these debts."

Atrium and other large tax-exempt health systems are under scrutiny amid mounting evidence that many aren't providing adequate financial assistance to low-income patients and are leaving people who should qualify for aid with big bills.

The new report, based on an analysis of 5½ years of court records from 2017 to 2022, identified 5,922 debt collection lawsuits that targeted more than 7,500 patients and their family members.

The suits generated more than \$57 million in judgments for the hospitals, researchers found, including millions of dollars in interest charges and other fees assessed against patients and their families.

North Carolina law allows hospitals to charge 8% annual interest on outstanding debts, which added tens of thousands of dollars to some families' debts over the years, the researchers found. Overall, interest accounted for almost a third of the total judgments recorded in the debt cases.

The report also noted that the lawsuits undermine the financial security

of generations of North Carolinians. Hospitals can pursue family members for a patient's medical debt, and property liens sap the value of a home, even after a patient dies. "These lawsuits can thus target a family's primary source of equity for surviving spouses and children," the authors wrote. "Medical debt can fuel an intergenerational cycle of poverty."

Researchers found that the most aggressive debt collector was Atrium, a medical system with roots as a public hospital in Charlotte that, following a merger last year with Midwest-based Advocate Aurora, is now a multistate colossus with \$27 billion in annual revenue. Atrium filed almost 2,500 lawsuits against patients from Jan. 1, 2017, to June 30, 2022.

Atrium also pushes patients who can't afford medical bills into loans from private equity-backed lender AccessOne that can come with interest rates as high as 13%, a KFF Health News investigation found last year.

Atrium declined to address questions about the lawsuits on the record or to make chief executive Eugene Woods available to discuss its debt collection practices.

The second-most litigious system is much smaller. CaroMont Health in Gastonia, North Carolina, a small city about 20 miles west of Charlotte, operates just one inpatient hospital. But it filed almost 1,800 lawsuits against patients from 2017 to mid-2022, according to the report.

CaroMont declined to make chief executive Chris Peek available for an interview, but a spokesperson said the system only rarely sues. "We take seriously our obligation to partner with patients in all aspects of medical care and service, and we always try to resolve these matters with compassion," Meghan Berney said in a statement.

In contrast to Atrium and CaroMont, some North Carolina hospitals filed only one or two lawsuits against their patients from 2017 to 2022, the researchers, led by Duke law professor Barak Richman, found.

Similar analyses of court records in Wisconsin, New York, Maryland, and other states in recent years have uncovered extensive use of the court system by hospitals. And KFF Health News found last year that more than two-thirds of U.S. hospitals sue patients or take other legal action against them, such as garnishing wages or placing liens on property. That analysis was based on an investigation of a sample of more than 500 hospitals nationwide.

The attention on these debt collection activities has helped catalyze state efforts to expand protections for patients. Several states, including Arizona, Colorado, Maryland, and New York, have enacted [medical debt](#) laws in recent years.

In North Carolina, a bipartisan group of state lawmakers have been pushing legislation that would restrict some collection activities by hospitals, including capping interest rates that medical providers could charge on patient [debt](#) and limiting collections against family members. Earlier this year, the state Senate unanimously passed the bill, called the Medical Debt De-Weaponization Act.

But the bill has stalled in the House amid opposition from the state's powerful hospital industry, whose political action committee has made more than \$260,000 in campaign contributions since 2022, according to WBTV, the CBS affiliate in Charlotte. Among the biggest beneficiaries of hospital industry largesse is the speaker of the North Carolina House, Republican Tim Moore, the station reported. Moore's office did not respond to inquiries from KFF Health News.

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