

FROM OUR PRESIDENT

Hospitals, tell us now



When I first heard, years ago, how many people died each year from infections they got in hospitals, I was astounded. Neither

my surprise nor, unfortunately, the rate has diminished; the current estimate of annual deaths is 99,000.

One of our advocates told me recently that data on those infections is “just a tiny slice of a tiny slice of what we need to know.” The Consumers Union team that works on that issue believes disclosure of infection rates is happening much too slowly. Good luck to anyone looking for information about a particular hospital. (See “Deadly Infections,” on page 16.)

For six years, Consumers Union has led the push for more disclosure so that patients have a way to assess a hospital's potential to make them sicker than they were when they checked in. Our efforts have paid off; when we started, one state required disclosure. Now 27 do. Of those, 16 have issued public reports. And the awareness of this mostly preventable problem, among the public and those working in health care, has jumped.

But it's not enough. Not enough states, not enough information, and not enough speed. One problem is that by the time consumers see the analysis of the data, it's just too old—as much as two years old. That's a real concern for Consumers Union as we work to deliver information that's relevant, timely, and in a form that's truly enlightening to consumers.

Most state reporting laws focus on central-line bloodstream infections that patients get in the intensive-care unit, one of many kinds—the “tiny slice” our advocate mentioned—that can hit patients. Only one state, Pennsylvania, reports on infections in every hospital unit.

Consumers Union's push for mandatory, validated, public reporting has focused on the state level, where hospitals are regulated and we could effect change. We've also been instrumental in the drive for reporting on a national level, because wherever you live, you deserve to have basic safety information about the hospitals that you trust with your life.

Jim Guest

Jim Guest
President

More trouble for debtors

ANAMARIA SEGURA, an attorney in New York City, represents low-income consumers who face lawsuits from debt collectors. One man who came to MFY Legal Services, the nonprofit law firm where Segura works, had signed up with a debt-settlement company that said it would reduce his \$15,000 credit-card debt to 40 cents on the dollar.

In the first three months, the debt-settlement company pulled \$724 from his checking account; it then took in fees most of the next 14 months for a total of \$2,017. But the man's debts weren't reduced; worse, two of the creditors sued him for nonpayment. MFY was able to recover \$900 of the fees he had paid.

MFY sees some 1,000 clients a year with debt problems. “I've never seen a client benefit from debt settlement,” Segura says, “other than the initial peace of mind they experience before everything goes sour.”

Waylaid payments

Debt-settlement companies are supposed to arrange for consumers to put aside money each month until there is enough to pay off a portion of their debt, then negotiate with creditors to accept less than the consumer owes. The companies

advertise low monthly payments, but the money doesn't go directly to creditors; it goes into an account from which the debt-settlement company takes its fee—typically 14 to 20 percent of the debt, including high setup costs of 2 to 4 percent of the debt. So savings can be drained before there's enough to pay for any settlements. Meanwhile, interest and penalties from unpaid creditors may continue to add up.

Some states have good consumer protections. Eight restrict debt settlement to nonprofit groups; Maine limits fees to \$75 up front and then at most 15 percent of any savings from completed settlements.

But some trade associations are hoping to expand other states' harmful laws. They want to authorize high fees that don't depend on results, though they also propose licensing or registering debt-settlement companies, disclosures, and a brief cancellation period. In the next two years, dozens of state legislatures will be presented with that “solution.”

Consumers Union believes that states should instead aim for true reform, including a ban on collecting fees until settlements reduce the debt. Fees should be limited to a percentage of the amount of the real savings from the initial debt, and states should forbid claims about results.



UNSETTLED Attorney Anamaria Segura helps clients who lost money to debt-settlement companies.

PHOTOGRAPH BY MICHAEL SMITH