



Low-Wage Workers Are Being Sued for Unpaid Medical Bills by a Nonprofit Christian Hospital That Employs Them

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MEMPHIS, Tennessee – This year, a Methodist Le Bonheur Healthcare housekeeper left her job just three hours into her shift and caught a bus to Shelby County General Sessions Court.

Wearing her black and gray uniform, she had a different kind of appointment with her employer: The hospital was suing her for unpaid medical bills.

In 2017, the nonprofit hospital system based in Memphis sued the woman for the cost of hospital stays to treat chronic abdominal pain she experienced before the hospital hired her.

She now owes Methodist more than \$23,000, including around \$5,800 in attorney's fees.

It's surreal, she said, to be sued by the organization that pays her \$12.25 an hour. "You know how much you pay me. And the money you're paying, I can't live on," said the

housekeeper, who asked that her name not be used for fear that the hospital would fire her for talking to a reporter.

From 2014 through 2018, the hospital system affiliated with the United Methodist Church has filed more than 8,300 lawsuits against patients, [including its own workers](#). After winning judgments, it has sought to garnish the wages of more than 160 Methodist workers and has actually done so in more than 70 instances over that time, according to an MLK50-ProPublica analysis of Shelby County General Sessions Court records, online docket reports and case files.

Some of the debts were accrued while the employees worked at Methodist; others predated their time there. The figures do not include debts incurred by onetime Methodist employees who have since moved on.

Between January and mid-June, a reporter observed more than a dozen Methodist employees in court to defend themselves in suits brought by the hospital over hospital bills.

That includes a Methodist Le Bonheur employee who owes more than \$1,200. In January, she proposed paying \$100 a month, even though her sworn affidavit listed monthly expenses that exceeded her \$1,650 monthly income. After conferring with an attorney for Methodist, Judge Betty Thomas Moore agreed to the worker's proposal, but she has already missed a payment.

A few weeks later, a Methodist employee appeared for an initial hearing wearing hospital scrubs. The hospital had sued her for more than \$4,000. When she left the courtroom, she was annoyed. Her employer knew where she worked, she said, and should have contacted her before suing her. "I don't know why they can't come upstairs," she said outside the courtroom.

And in May, an employee who has worked for Methodist for more than four years carried a large envelope full of bills with her into the courtroom. She owed more than \$5,400, which included a 2017 hospital charge from the newborn unit. That is

the same year that her daughter was born, according to her sworn affidavit, which also listed a checking account balance of less than \$4. She offered to pay \$10 biweekly, or \$20 most months, but Methodist's attorney wanted \$200 per month. The judge ordered her to pay \$100 per month.

It's not uncommon for hospitals to sue patients over unpaid debts, but what is striking at Methodist, the largest hospital system in the Memphis region, is how many of those patients [end up being its own employees](#). Hardly a week goes by in which Methodist workers aren't on the court docket fighting debt lawsuits filed by their employer.

Making matters worse, employees say, is that Methodist's health insurance benefits only allow employees to seek medical care at Methodist facilities, even though the financial assistance policies at its competitors are more generous.

An expert in hospital billing practices said that if the hospital is suing a fair number of its own employees, it's time to look both at the insurance provided to workers and the pay scale.

"One would hope that if this is an action being taken against a significant amount of employees, the hospital would look at the insurance they provide workers," said Mark Rukavina, an expert in nonprofit hospitals and a manager at Community Catalyst, a health care advocacy organization.

Methodist declined requests for an interview. It did not respond to specific written questions about the lawsuits it files against its workers or about how its policies reflect the values of the United Methodist Church. Instead, in a [statement](#), it said it is committed to working with patients who are having trouble paying their medical bills.

"As the second largest private employer in Shelby County, we recognize the responsibility we have as an organization to contribute to the success of the diverse communities we serve

and are purposeful about creating jobs in our community – intentionally choosing to keep services like printing, laundry and others in-house that are typically outsourced by the healthcare industry,” the hospital said.

Methodist also declined to answer a question about whether it has any policy that prohibits employees being sued by Methodist from talking to a reporter about the lawsuits filed against them by the hospital.

Employer and Legal Adversary

On a single January day, there were 10 defendants on the docket whose place of employment was listed in court records as Methodist.

Employees in scrubs sat just feet away from the attorneys in dress suits whom their employer hired to sue them. The hospital’s role as a tax-exempt organization that both employs the defendants and is suing them went unremarked upon by judges, attorneys and the defendants themselves.

Methodist’s financial assistance policy stands out from peers in Memphis and across the country, MLK50 and ProPublica found. The policy offers no assistance for patients with any form of health insurance, no matter their out-of-pocket costs. Under Methodist’s insurance plan, employees are responsible for a \$750 individual deductible and then 20% of inpatient and outpatient costs, up to a maximum out-of-pocket cost of \$4,100 per year.

The housekeeper’s story is documented in Shelby County General Sessions Court records, including online docket reports and online payment history. A reporter interviewed the housekeeper multiple times in person and on the phone. The employee gave the reporter six years of itemized Methodist hospital bills, her credit report and other past-due medical bills. Most of her debts were incurred before she started working at

Methodist.

Five times between 2012 and 2014, she visited the hospital for stomach problems, according to the itemized bills. (Years later, she had surgery to treat diverticulitis.) At those times, she had insurance through her job at a hotel, where she cleaned rooms for \$10.66 an hour. After insurance paid its share, she owed just over \$17,500.

In 2015, the housekeeper left the hotel job and lost her insurance. Three times that year she went to Methodist's ER, but since she was uninsured and had little income, she qualified for financial assistance. Methodist wrote off more than \$45,000 in hospital bills.

In a [statement](#), Methodist said it gives an automatic 70% discount to uninsured patients and free care to uninsured patients at or below 125% of the federal poverty guidelines. For a single adult with two dependents, that would be just over \$26,600. Uninsured patients who earn more than that, but less than twice the poverty limit, are also eligible for discounts, it said.

In 2016, unable to find work, the housekeeper left Memphis. For more than a year, she said, she and her son were homeless, bouncing between relatives in Chicago, where she was born, and Texas.

But she missed her daughter and grandchildren in Memphis, so in 2017, she returned. In August 2017, Methodist sued her for the bills she accumulated when she was insured years earlier. Later that month, she was hired at a Methodist hospital, starting at \$11.95 an hour.

The hospital's collections agency, which it owns, didn't have her correct address and was unable to serve notice that she had been sued, but last year, Methodist tried again. This time, it had the right address.

In November, a process server handed her the civil warrant at her South Memphis apartment.

At the process server's recommendation, she called the hospital's collection agency and offered to pay \$50 every two weeks. "But they said it wasn't enough," she recalled. "I would just have to go to court. They said I'd be owing them all my life," she recalled.

In a sworn affidavit filed with the court this year, the housekeeper listed her dependents as a grandson and her 27-year-old son, who she said has bipolar disorder and schizophrenia. She told the court she earned \$16,000 in 2017, which puts her more than \$4,000 below that year's [federal poverty level](#) for a family of three. (Because she had insurance, though, she was ineligible for assistance under the hospital's policy.)

Fred Morton, a retired Methodist minister in Memphis, said he was surprised to learn that Methodist is suing its own employees.

"The employees should be paid an adequate minimum wage at the very least," he said. "Certainly they should not be predatory to their own employees on medical bills. That's very much contrary to Scripture."

He said that Methodist bishops who serve on its board bear responsibility for reminding it of the denomination's values.

"It's a matter of the church pushing on its own," Morton said.

Three United Methodist Church bishops serve on the hospital's board. Bishop Gary Mueller's office referred a reporter to Methodist Le Bonheur Healthcare's communications office. Bishop Bill McAilly declined to comment. Bishop James E. Swanson did not respond to multiple requests for comment.

When the housekeeper appeared before a General Sessions Court

judge this year, she'd filed a motion offering to pay \$50 biweekly, or \$100 in most months. When the hospital's attorney asked for a \$200 per month, she was stunned.

"This is my only job, this is my only income, so how am I supposed to live?" she remembered thinking.

Nervous that the judge would side with the hospital, the housekeeper made another offer.

"I could do \$75 every two weeks," she said quickly.

The attorney agreed and the judge signed the order.

Being an employee and defendant is "really kind of sad," the housekeeper said. Asked how she manages to make ends meet, she says she doesn't. "It's killing me, killing me softly," she said.

She said she didn't reach out to the hospital's payroll department or a manager about the hospital bills she's being sued for. "They don't care about that. ... That I do know."

"I Don't Want to Be Homeless Again"

Part of what makes paying medical bills so hard for some Methodist employees is that their wages are low, lagging behind several other large employers in the Memphis market. In December, St. Jude Children's Research Hospital announced it was raising its minimum pay for full and part-time workers to \$15 an hour. [St. Jude's decision](#) followed a similar commitment by [the Shelby County government](#), [Shelby County Schools](#) and [Blue Cross Blue Shield of Tennessee](#).

At Methodist, which operates five hospitals in Shelby County, the lowest-paid employees make \$10 an hour and about 18% of workers make less than \$15 an hour, the hospital reported in response to MLK50's [2018 Living Wage Survey](#).

As recently as 2017, the Greater Memphis Chamber advertised on

its website that the city offered a workforce at “wage rates that are lower than most other parts of the country.”

The United Methodist Church’s Social Principles, which state the denomination’s position on everything from climate change to the death penalty, speak directly to what employees should earn. “Every person has the right to a job at a living wage,” it states.

The Living Wage Model statement on the church’s website says, “Exploitation or underpayment of workers is incompatible with Christ’s commandment to love our neighbor.”

Methodist, which made Forbes’ 2019 list of [Best Employers by State](#), did not answer specific questions about pay for employees. On its website, it says, “It is the policy of Methodist Le Bonheur Healthcare to pay its employees competitive, market-based wages.”

Neither Methodist, nonprofit Baptist Memorial Healthcare or Regional One, the public hospital, pay all their employees at least \$15 an hour. Even that figure would make it impossible to make ends meet for an employee trying alone to support a household with dependents, according to MIT’s [Living Wage Calculator](#) and another created by the [Economic Policy Institute](#), both of which take into account local living expenses.

The housekeeper’s \$12.25 an hour pay falls well short of that. Without overtime, she said her take-home pay would be around \$1,600 per month. Her rent is \$610.

Even with as much overtime as she gets, she’s turned to payday loans. Since December, she’s renewed a \$425 payday loan every two weeks, paying \$71 each time. “You have to rob from Paul to pay Peter,” she said. “It doesn’t never seem like you can get ahead.”

The housekeeper applied for a job at Walmart but was told the

store nearest her is not accepting applications. She doubts the pay will be any better, but she hopes it'll be less stressful.

"Times be hard, because sometimes my body feels like I can't make it, but I get up anyway, because I don't want to be homeless again."