



## The eBays of Hospital Debt Collection

Posted By [Jacob Goldstein](#) On June 3, 2008 @ 9:49 am In [Health costs](#), [Hospitals](#) | [4 Comments](#)

We're a nation awash in medical debt. Online auctions are a proven method for matching buyers and sellers. Voila: Online sites where hospitals can sell patient debt at auction.

Traditionally, hospitals have worked with collection agencies, with the agencies keeping a percentage of whatever they collect from patients. In the auctions, agencies and others buy the debt outright, or provide guaranteed payments to hospitals for access to the unpaid accounts, [the WSJ reports](#).

[ARxChange.com](#) — shorthand for "accounts receivable exchange" — is one popular auction site. Another is [medipent.com](#).

The owners of the sites say collection firms are checked out to make sure their tactics are appropriate and in keeping with hospital requirements. Hospitals have final say over who bids on their accounts and don't always award the contract to the highest bidder, the WSJ says.

Still, owning debt outright may give agencies added incentive to collect. And auctions can drive up the price of that debt. Agencies may "have to work harder" to make a profit from auctioned debt, Michael Klozotsky, an analyst the collections-industry strategic-advice company Kaulkin Ginsberg Co., told the WSJ. "Working harder means sometimes using strategies that are more aggressive."

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