

#39.32

3/27/75

Second Supplement to Memorandum 75-28

Subject: Study 39.32 - Wage Garnishment

The attached letter urges a medical care exception to the hardship exemption when earnings are garnished. The Commission determined at the last meeting not to provide this exception unless necessary to obtain AB 90. The letter is for information only; we do not plan to discuss it at the meeting.

Respectfully submitted,

John H. DeMouilly  
Executive Secretary



# BUREAU OF MEDICAL ECONOMICS OF SANTA CLARA COUNTY

700 Empey Way · San Jose, California 95128 · Ph. 286-5050

March 13, 1975

Mr. John H. DeMouilly, Executive Secretary  
California Law Revision Commission  
Stanford University School of Law  
Stanford, CA 94305

Dear Mr. DeMouilly:

Thank you for your letter of March 4, 1975 requesting information on Assemblyman McAlister's proposed bill, AB 90; please excuse my delay in answering your letter. I am unable to give you specific numbers in response to your inquiries, as we have not kept statistics in that manner. However, I will give you some generalities which I think are fairly accurate.

Our Bureau only provides medical collection service for physicians and some hospitals in Santa Clara County. We file approximately 800 suits per year, and of these probably at least eighty percent involve one or more wage garnishments. Of those we estimate that around five percent file a claim for hardship exemption. Frankly, we do not recall any being awarded because the debt has been considered for a common necessity. In reality, we also would have no way of knowing how many others might have filed, on advice of an attorney; had medical expenses not been included as a common necessity in life. The exclusion of medical care as a necessity under the law could cause claims for exemption on 100% of our suits. In addition, the court now has jurisdiction to set installment payments according to the defendant's ability to pay.

The important reason why we feel that medical care should be put back into Section 690.6 of the bill is that providers of health care do not render care after checking the credit ratings as is done in the general merchandising field. For the most part doctors and hospitals, as well as other health facilities, must take care of the sick and injured, and worry about collection following the rendering of services.

I hope the above information will be helpful to you in reaching a favorable conclusion. Thank you very much for your interest.

Sincerely,

Howard Pearce  
Managing Director

HP:tf

cc: Forrest G. Winningham, Attorney at Law

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