

# OUR GUIDING PRINCIPLE IS THAT MEDICAL DEBT IS ABOUT THE FAILURES OF POLICIES AND SYSTEMS, NOT PEOPLE.

At Undue Medical Debt, our mission is to end medical debt. Our model is unique in that it combines the generosity of donors with debt industry expertise to produce a high volume of debt relief. The debt relief we provide reduces mental and financial distress for millions of people.

Medical debt is pervasive, burdening millions of people nationwide. The emotional weight and toxicity of unpaid medical bills affects people's mental health and economic well-being. Studies show that people forgo or delay care due to fear of medical bills. Despite the widespread prevalence of medical debt, it does not affect people equally. Specifically, medical debt disproportionately affects Black households and further compounds the racial wealth gap, making this an urgent issue of racial justice. Medical debt shifts the trajectory of people's lives—the issue is urgent. We must commit to relieving debt now and also address the root causes of medical debt, mitigating its lasting harm.

Through our work, we aim to spur change by elevating the experiences of people saddled with medical debt. Our policy work is a core part of our mission. Guided by the stories of our beneficiaries, we work to inform and deepen policy conversations about how to make our nation's health care financing system more equitable and affordable.

The top priorities that guide our policy work are:

- 1 Affordable and comprehensive coverage.** Equitable access to affordable health coverage that covers the services people need and lowers out-of-pocket costs is the surest way to protect people's health and financial well-being, enabling them to thrive and be productive members of their communities.
- 2 Easy access to, and enrollment in, financial assistance programs.** Although many health care providers offer financial help to patients struggling to pay medical bills, people often don't know it exists until it's too late. Helping providers communicate clearly and proactively enroll patients in financial assistance programs helps both sides avoid unnecessary stress, paperwork, and delays in care—all foundational for an equitable health system.
- 3 Banning extraordinary collection actions and monitoring medical debt.** Extraordinary collection actions (ECAs) harm people's credit and ability to thrive economically, physically, and mentally. Ending harmful practices and monitoring medical debt and its impacts are critical to shaping policies that support people's health and economic well-being.

## Priority #1:

# AFFORDABLE AND COMPREHENSIVE COVERAGE

People nationwide need access to affordable health coverage – this means not just addressing the high cost of premiums but also high deductibles, coinsurance, and copays. People need access to affordable and comprehensive health coverage no matter their zip code or state of residence.

- People need lower out-of-pocket costs to make sure that health insurance is truly affordable. This means reducing deductibles, improving cost-sharing structures, and ensuring that high-deductible health plans and related plan designs are not exposing people to medical debt.
- The [surge in ACA plan enrollment](#) over the last several years highlights the importance of affordable premiums and lower deductibles; these temporary changes from the Inflation Reduction Act (IRA) should be made permanent.
- A proven way to reduce medical debt and advance racial equity is for all states to close the Medicaid coverage gap and create a pathway to coverage for all low-income people.
- Strategic federal regulatory changes would help secure access to affordable and comprehensive coverage for more people. This includes easing enrollment in and selection of health plans and expanding innovation models that lower out-of-pocket costs for patients.

## Priority #2:

# EASY FINANCIAL ASSISTANCE PROGRAM ENROLLMENT AND SUPPORT

Undue Medical Debt's ongoing work has taught us that people need clear information about hospital financial assistance policies (FAP) and easy enrollment options for those programs. People also need ongoing supports to navigate the cost of health care, regardless of insurance status.

- To reduce staff burden and improve patient experience, health systems and provider groups should leverage tools to make enrollment in financial assistance seamless. This includes adopting 'presumptive eligibility' policies and approaches that qualify patients for a hospital's financial assistance policy without an application process.<sup>1</sup> Presumptive eligibility uses existing data to identify potential FAP recipients, accelerating the process and removing administrative hurdles for providers and patients. Importantly, [notifying patients](#) when they are found fully eligible for financial assistance is paramount to reducing patient stress and mental anguish. Research [shows](#) that fear of medical bills is related to worse health outcomes and increases the risk of mental health issues.
- Health systems and provider groups can strengthen their community partnerships and build trust with patients by sharing clear information about their financial assistance policy (FAP) and supporting easy enrollment. This includes clear placement of their policy on the health system's homepage, language and literacy access, and highlighted eligibility criteria for quick reference. In addition, health systems should widely publicize their FAP to the community and community stakeholders, including nonprofit organizations that address social determinants of health. The federal government [can do more](#) to provide incentives for hospitals to provide charity care, including financial support to set up presumptive eligibility systems.

<sup>1</sup>Presumptive eligibility in this context refers to qualifying people for financial assistance, not to be confused with presumptive eligibility for Medicaid coverage.

## Priority #2 Continued:

- Finally, supporting patients in navigating medical bills is critical. Unpaid medical bills are not just an issue for the uninsured; people with health insurance also [struggle to pay their medical bills](#). Providing access to independent financial counseling entities, health navigators or nonprofits (such as [medical-legal partnerships](#)) can assist people in managing their bills when under duress or in health recovery. This type of support should be distinct from health system employees tasked with developing payment plans or credit solutions as part of revenue cycle responsibilities. This does not preclude hospital staff assisting patients with FAP enrollment and navigation. Leveraging community partners to assist with financial assistance applications and warm hand-offs to related services will require targeted resources.

## Priority #3:

# BAN EXTRAORDINARY COLLECTION ACTIONS AND MONITOR MEDICAL DEBT

Medical debt is a debt of necessity, not a debt of choice. We need to prohibit extraordinary collection tactics by health entities and debt collectors that seriously harm patients while only providing minimal relief to creditors. As these and other reforms are implemented, we need better data to ensure we're seeing results and tracking the next generation of issues for providers and patients alike.

- States and the federal government can prohibit the most egregious debt collection practices and hospitals can opt not to utilize them. These practices include but are not limited to selling the debt of middle and low-income individuals to a debt collection entity, reporting adverse information to consumer credit reporting agencies or credit bureaus, and actions that require a legal or judicial process (such as placing a lien on an individual's property, attaching or seizing an individual's bank account or any other personal property, commencing a civil action against an individual and garnishing an individual's wages).
- Currently, the best source of data on debt is through non-governmental credit entities and independent polling by think tanks and private entities. States and the federal government must play a more robust role in [monitoring and reporting](#) on trends in medical debt and make that data publicly available. This could include annual reporting that draws on multiple sources of data including health care cost reports and by adding medical debt questions to existing survey instruments. With recent changes to credit reporting, it is important to have reliable data sources to monitor the harm and prevalence of medical debt.
- The federal government must take permanent steps to categorize medical debt differently than other forms of consumer debt and abolish debt when they are able. This includes requiring credit agencies to remove medical debt from credit scoring and end the practice of reporting medical debt to these agencies. While there is an initial commitment [by credit agencies](#) to end medical debt reporting below \$500, the Consumer Financial Protection Bureau (CFPB) can codify an end to reporting medical debt and increase the minimum threshold to help more people. In addition, they can continue to identify ways to eliminate medical debt for people similar to [the Administration's efforts](#) to address veteran debt by ending the reporting of veteran medical debt to credit agencies and modernizing medical debt forgiveness programs to ease access for veterans seeking support.