RIP MEDICAL DEBT



Improving Health ~ Eliminating Disparities

## From Kitchen Tables to Corporate Boardrooms:

Finding Local Solutions to Eradicate Medical Debt, Increase Economic Opportunity, and Improve Health in Our Backyards



A Webinar Series April–May 2022 In Partnership RIP Medical Debt and Communities Joined in Action (CJA)

Session 1: April 13, 2022 1:30-3:00pm EST

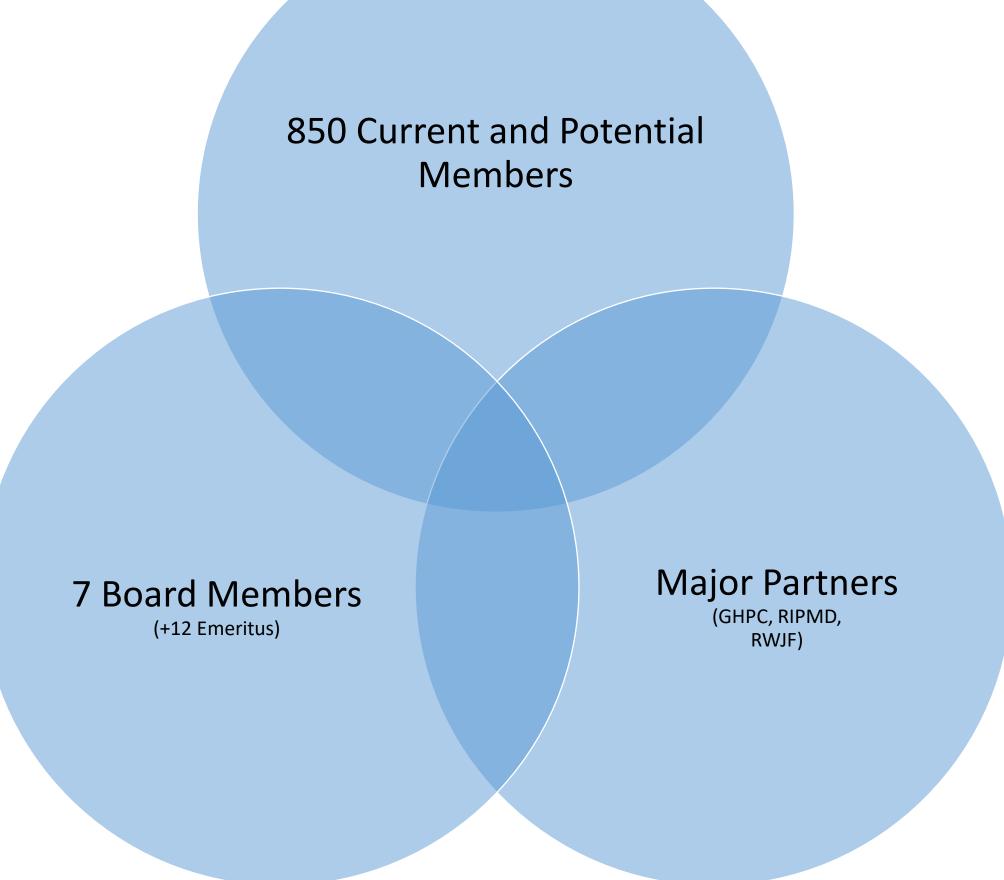


SESSION 1

#### A Crushing Weight:

The True Toll of Medical Debt on Mental, Physical and Economic Health for People and Communities

#### CJA Partnership Network



- Advocates
- Community Coalitions
- Community Health Centers
- Free Clinics/Donated Care Networks
- Health Departments
- Health Maintenance Organizations
- Hospitals/Health Systems
- Individuals, Consultants
- Mental and Behavioral Health Organizations
- Philanthropy
- Public Health Institutes/Research Institutes
- Public-Private Partnerships
- Universities
- Volunteer Physician Networks
- And many others



#### Webinar Registrants - Communities

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20 Communes montes of States					
Abita Springs, LA	Naugatuck, CT				
Akron, OH	Nevada City, CA				
Asheville, NC	San Francisco, CA				
Atlanta, GA	New Haven, CT				
Austin, TX	New Orleans, LA				
Carol Stream, IL	New York, NY				
Cheshire, CT	Muskegon, MI				
Dover, OH	Portland, ME				
Glen Ellyn, IL	Rolesville, NC				
Topeka, KS	San Antonio, TX				
Houston, TX	Seattle, WA				
Madison, WI	Washington DC				
Long Island City, NY					

#### Webinar Registrants - Sectors

14 Diverse Organization Types					
Academia / University	Institute – Policy, Public Health, Research				
Advocacy	Managed Care Organization				
Community Non-profits	National Non-profits				
Donated Care Network	Navigator Organization				
Free Clinic	Payor				
Health Care	Philanthropy				
Health System	Specialty Clinic				

#### **Medical Debt:**

Understanding and Addressing its Scope, Reach, and Impact in Our Communities

Panel Discussion with RIP Medical Debt: Allison Sesso, Eva Stahl, Camila Salvagno

## Debt Relief as an Intervention

ALLISON SESSO
President, RIP Medical Debt

#### RIP Medical Debt's Mission

- Medical debt is a uniquely American injustice. It prevents millions from achieving financial stability and subjects them to emotional anguish.
- Our mission is to end medical debt and be:

A source of justice in an unjust healthcare finance system: Our unique and highly leveraged debt abolishment model combines the generosity of donors with debt industry expertise to produce a high volume of debt relief return, mitigating significant financial and mental distress for millions of people.

A unique solution for patient-centered healthcare providers: By partnering with us, health care systems can strengthen individuals and communities by relieving dormant, uncollectible, and damaging bad debts and can identify opportunities to refine their financial assistance programs to better serve their communities.

A moral force for systemic change: Our work brings attention to the range of negative impacts caused by medical debt and a deeper understanding of its causes. These efforts support progress toward a more compassionate, transparent, equitable and affordable healthcare system.

## Why Medical Debt is a Problem

- Medical debt is different from other types of debts
- Many have little savings to buffer the shocks of medical bills
- Medical debt is:
  - 1. More prevalent in communities of color
  - 2. The leading cause of bankruptcy in the U.S., and
  - 3. Recognized as a social determinant of health
- Many patients with burdensome medical debt delay the care they need

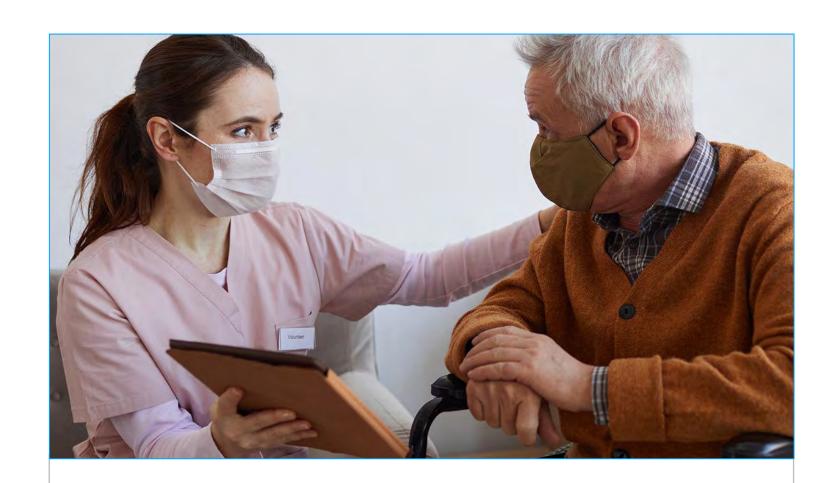
#### Implications

- Researchers estimate patients who are unable to pay their medical bills have approximately double the number of days with mental health symptoms when compared to patients who are able to pay.
- Abolishing medical debt is a direct investment in patients':
  - 1. Financial health by immediately increasing assets and improving credit;
  - 2. Mental health by relieving stress associated with crippling debt;
  - 3. Physical health by renewing access to medical care without fear that a routine doctor's visit will only add to a pile of bills.

#### Facts About RIP Medical Debt

- A 501(c)(3) national charity that acquires and abolishes medical debt for people burdened by financial hardship.
- Funded by donors, including individuals, faith-based organizations, foundations, corporations, local governments and others.
- Founded in 2014.
- RIP has acquired and abolished \$6.7 billion in medical debt for 3.6 million people.
- Received a \$50 million gift from MacKenzie Scott (December 2020).
- Recently completed a strategic plan.

#### Unique Win, Win, Win Solution



#### **PATIENT BENEFITS**

- Receive another opportunity for financial assistance (charity care)
- Relieve harassment and stress caused by Collection Agency tactics
- Improve credit score by removing derogatory marks on patient credit reports



#### **COMMUNITY BENEFITS**

- Address a social determinant of health
- Leverage additional resources for community housing, food, education and health improvement
- Enhance health equity as some communities are disproportionately burdened by medical debt



#### **HOSPITAL BENEFITS**

- Dispose of debt for patients qualifying for "financial hardship"
- Receive cash for this debt via transparent pricing competitive with debt market rates
- Improve Financial Assistance
   Programs (FAP) as gaps in
   processes may be uncovered

## RIP is Pursuing Strategic Growth

- Transitioning from acquiring medical debt from the secondary market to medical debt directly from hospitals and health systems.
- Obtained HHS OIG Advisory Opinion #20-04 in July 2020.
- 23% of our debt last year came directly from hospitals.

#### Strategic Goals and Initiatives

#### Goals

1

Increase scale, efficiency, and efficacy of RIP's debt abolishment work

- Influence hospital & public policy to relieve medical debt
- Strengthen RIP's commitment to racial and social equity
- Communicate RIP's updated identity

#### **Initiatives**

- a) Grow strategic debt acquisition partnerships
- b) Invest in data and systems
- c) Hone policies and processes to match donations and debt
- d) Update RIP's abolishment criteria
- e) Ensure impact of abolishment work
- f) Grow and diversify funding
- a) Partner with organizations and individuals advancing public policy
- b) Generate more data useful to public policy efforts
- c) Elevate RIP data, insights, & beneficiaries' stories
- d) Work with hospitals to improve billing policies
- a) Analyze demographics of RIP's beneficiaries
- b) Adjust debt abolishment efforts to ensure racial equity outcomes
- c) Build RIP's fluency in issues of racial equity
- d) Grow representation of diverse perspectives in RIP's staff and Board
- a) Clarify brand identity as a public-facing organization
- b) Externally communicate RIP's updated strategy and identity

#### RIP Medical Debt Process Overview

RIP's Debt Acquisition and Abolishment Process (2-4 Months)

BAA and NDA Signed

Data File Transmitted

Qualification and Pricing Analysis Prepared

FAP Feedback Provided

Communications Strategy Developed

Decisions Made Regarding Transaction

Medical Debts Abolished

**Patients Notified** 

Derogatory Credit Information (If Any) Removed

Communications Strategy Implemented

PRIMARY RESPONSIBILITY

Healthcare Organization

**RIP** 

Healthcare Organization and RIP

## RIP compared to Commercial Debt Buyer

BENEFITS	RIP	SECONDARY MARKET
Health System Benefit		
Receive Cash	<b>✓</b>	<b>√</b>
Dispose of Patient Debt	<b>✓</b>	
Increase Charity Care	<b>✓</b>	
Feedback on FAP	<b>✓</b>	
Patient Benefit		
Abolish Debt Tax Free	<b>✓</b>	
Improve Credit Score	<b>✓</b>	
Relieve Collections Harassment and Stress	<b>✓</b>	
Afford Basic Necessities	<b>✓</b>	
Community Benefit		
Address Social Determinant	<b>✓</b>	
Enhance Health Equity	<b>✓</b>	
Pandemic Response	<b>✓</b>	

#### Impact

"I received numerous letters in the mail saying that your charity and the people involved paid almost \$17,000 dollars of medical debt for me. I've been trying to pay this for a few years now through plans and garnishment. I don't know what I did to deserve such amazing help."

"Having this debt removed has helped me improve my credit. I had this debt listed on my credit since 2003. It was a relief to have this debt paid in full. Thank you so much because now my dream of owning a house is one step closer."

"I am a single mother fighting Multiple Sclerosis. Having my medical debt taken care of in this way is more help than you will ever know! What a relief this has been for me and my family."

## Policy and Research Landscape

EVA STAHL
Vice President of Public Policy, RIP Medical Debt

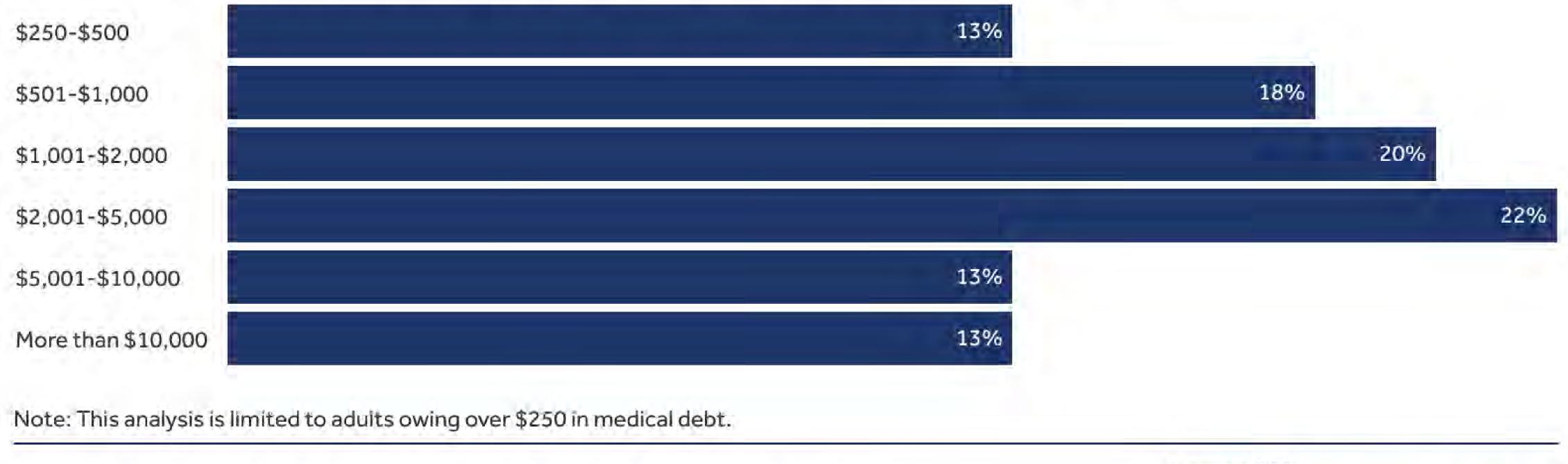
## Medical debt is pervasive.

"Medical debt can happen to almost anyone in the United States, but this debt is most pronounced among people who are already struggling with poor health, financial insecurity, or both."



### By the numbers...

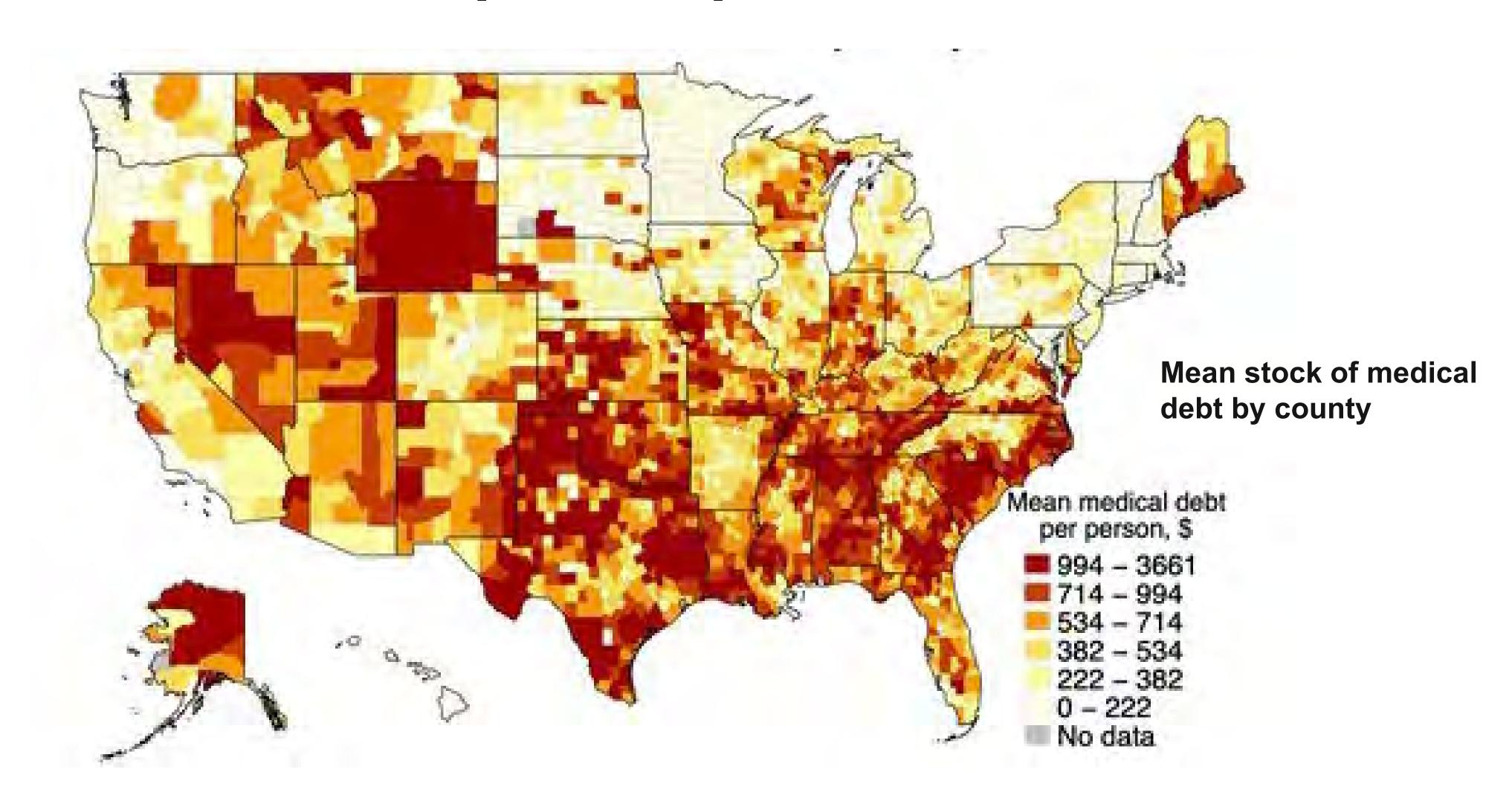
Share of adults with medical debt, by the amount of debt they owe, 2019



Source: KFF Analysis of U.S. Survey and Income and Program Participation (SIPP) data

Peterson-KFF
Health System Tracker

## Deep inequities ...



## How much medical debt exists in your county?

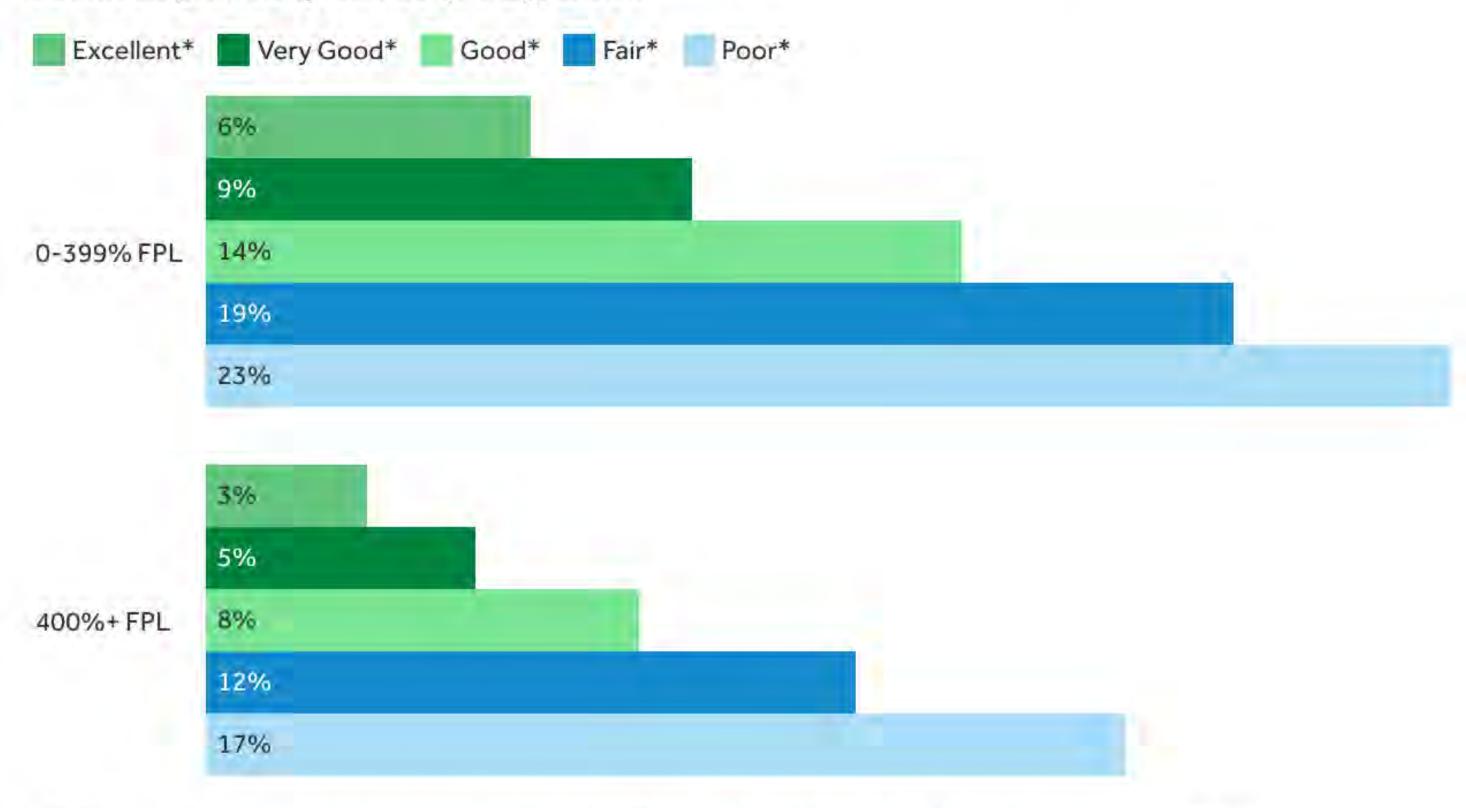
#### Use the tool:

https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=perc\_debt\_med



## By income & health status...

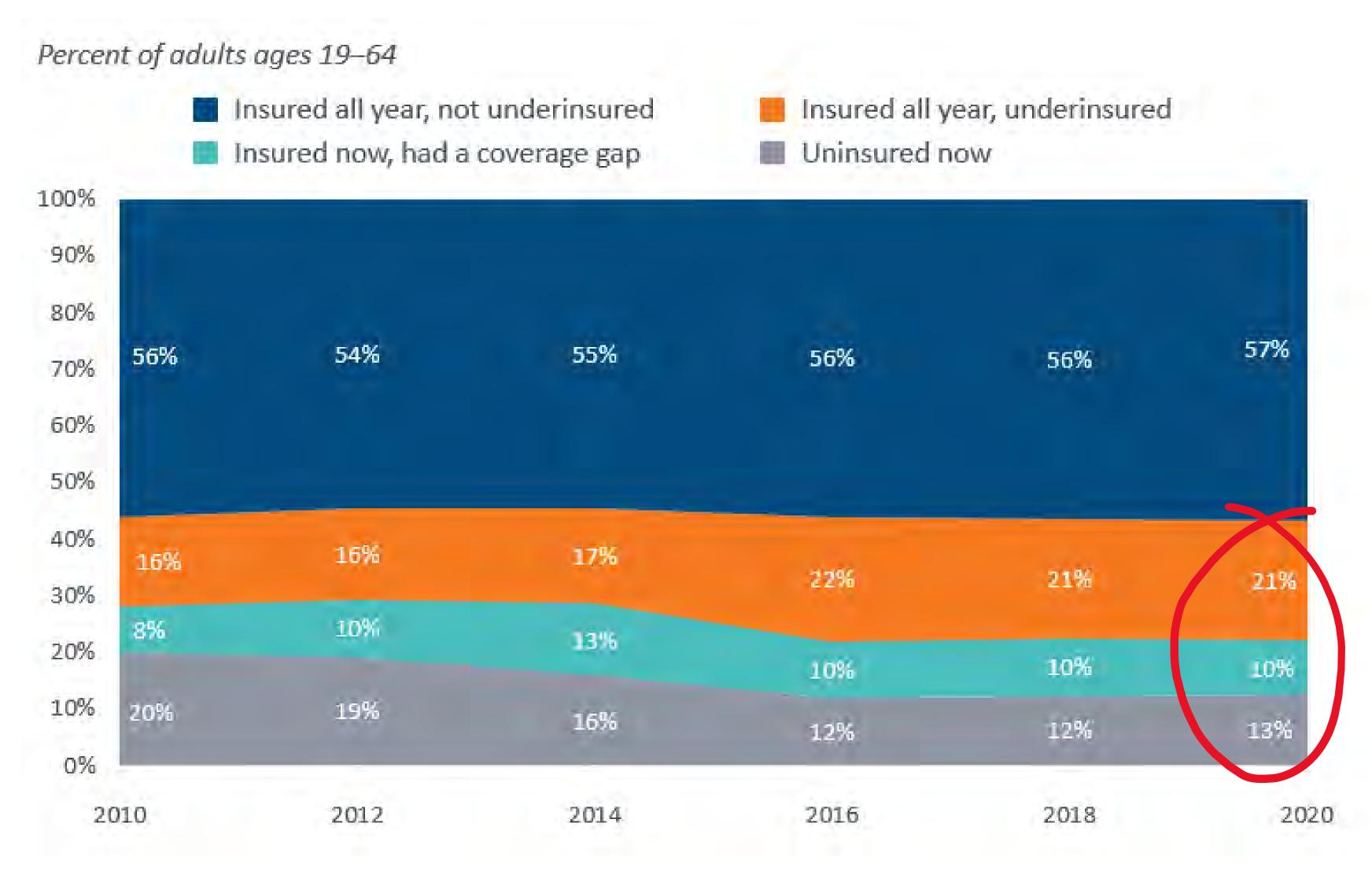
Percent of adults with medical debt, by health status and household income relative to the federal poverty level (FPL), 2019



<sup>\*</sup>Differences between income groups are statistically significant for the health status category (p<0.05).

Note: This analysis is limited to adults owing over \$250 in medical debt.

## Being insured is not enough.



#### **DEBT IS CREATED** Payment missed Default SECURED UNSECURED Repossession Billing Statements, Redeem / Account Reinstate In-house Charged-No Deficiency Deficiency Collection **Outside Debt** Collector Letters and calls Collection Law Firm Sent back to creditor or More letters Lawauit Sold to Debt Buyer Defenses Judgment Paid in Full Garnish Wages, bank accounts, etc. Exemptions

## The lifecycle of a debt & credit reporting

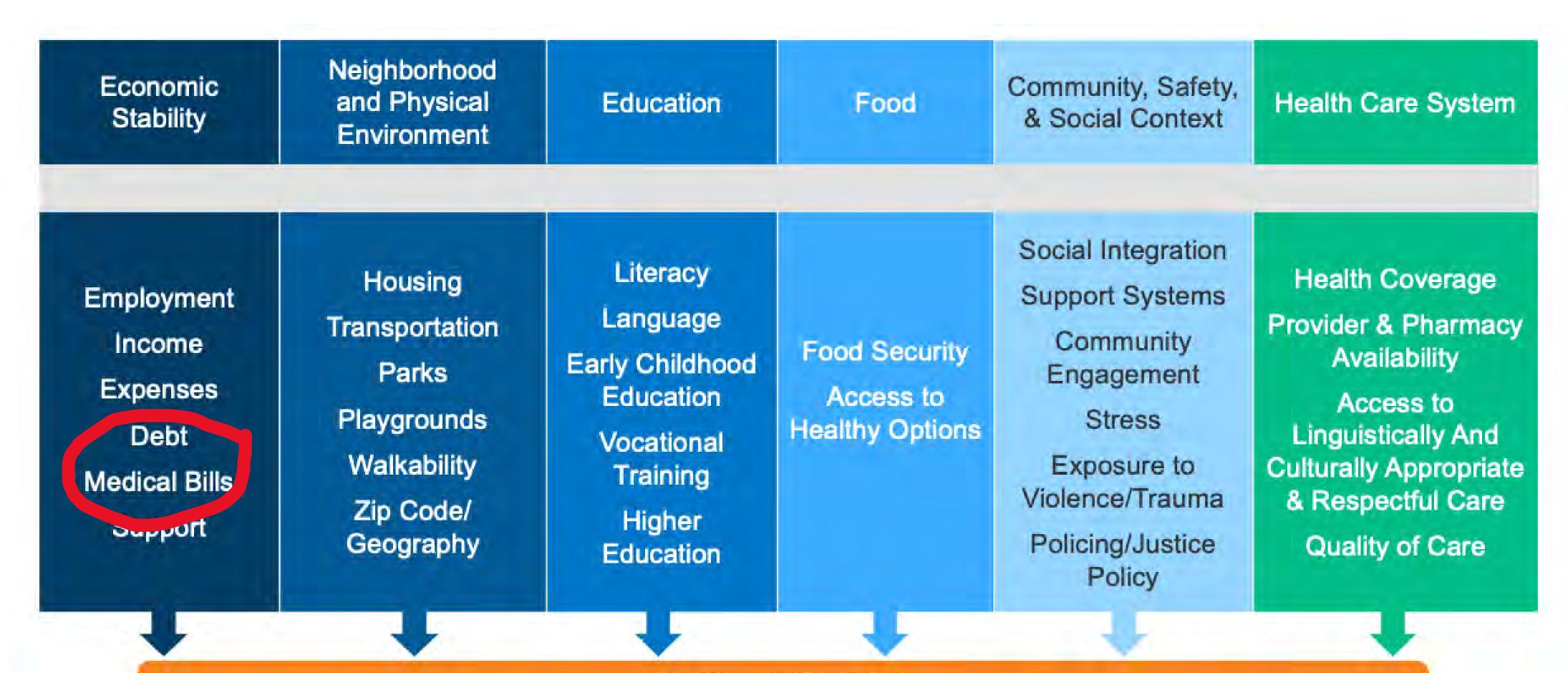
Medical debt is "unsecured" and RIP Medical Debt seeks to purchase and abolish the debt, protecting people from the harm of extraordinary debt collection actions

## How are people paying medical bills?



SOURCE: KAISER FAMILY FOUNDATION, 2018

#### Medical Debt as a Social Determinant of Health

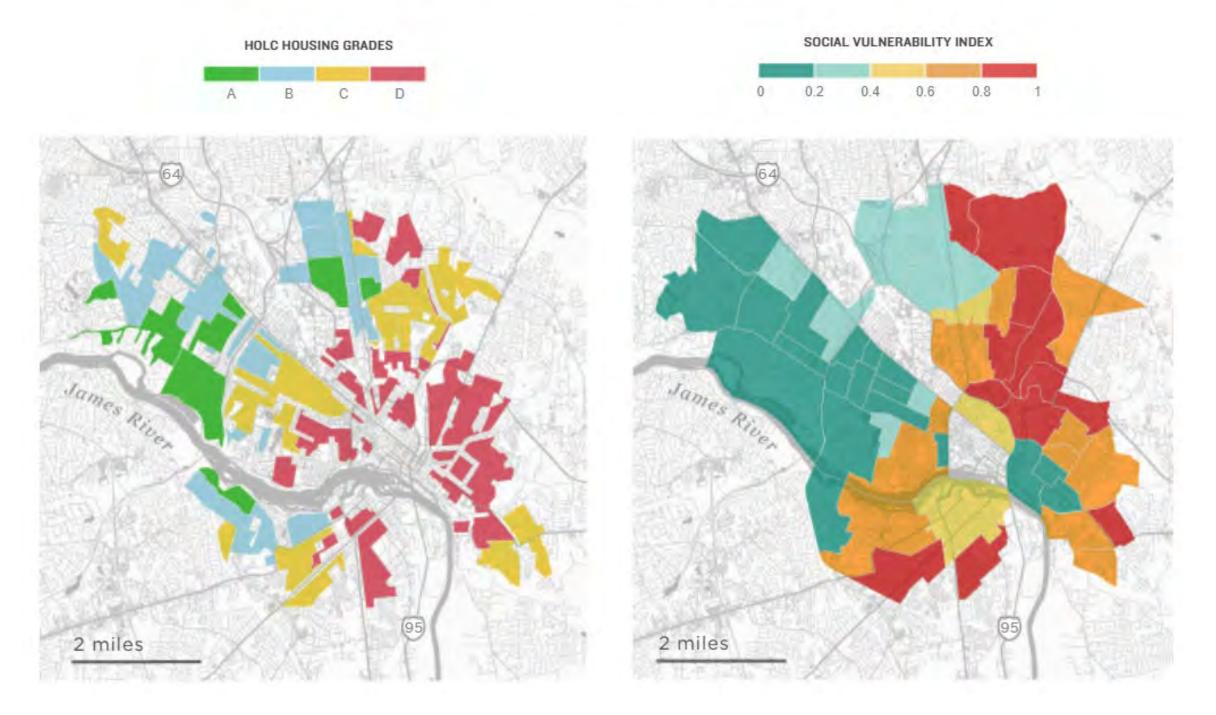




## The legacy of inequity...

#### The Legacy Of Redlining In Richmond, Va.

In the 1930s, the Home Owners' Loan Corp. graded the mortgage security of neighborhoods, and predominantly Black or minority neighborhoods were more likely to receive "C" or "D" grades, which indicated a declining or hazardous area. The effects of these discriminatory practices are still apparent today when looking at the CDC's Social Vulnerability Index, a measure of a community's capacity to prepare for, respond to, and recover from human and natural disasters.



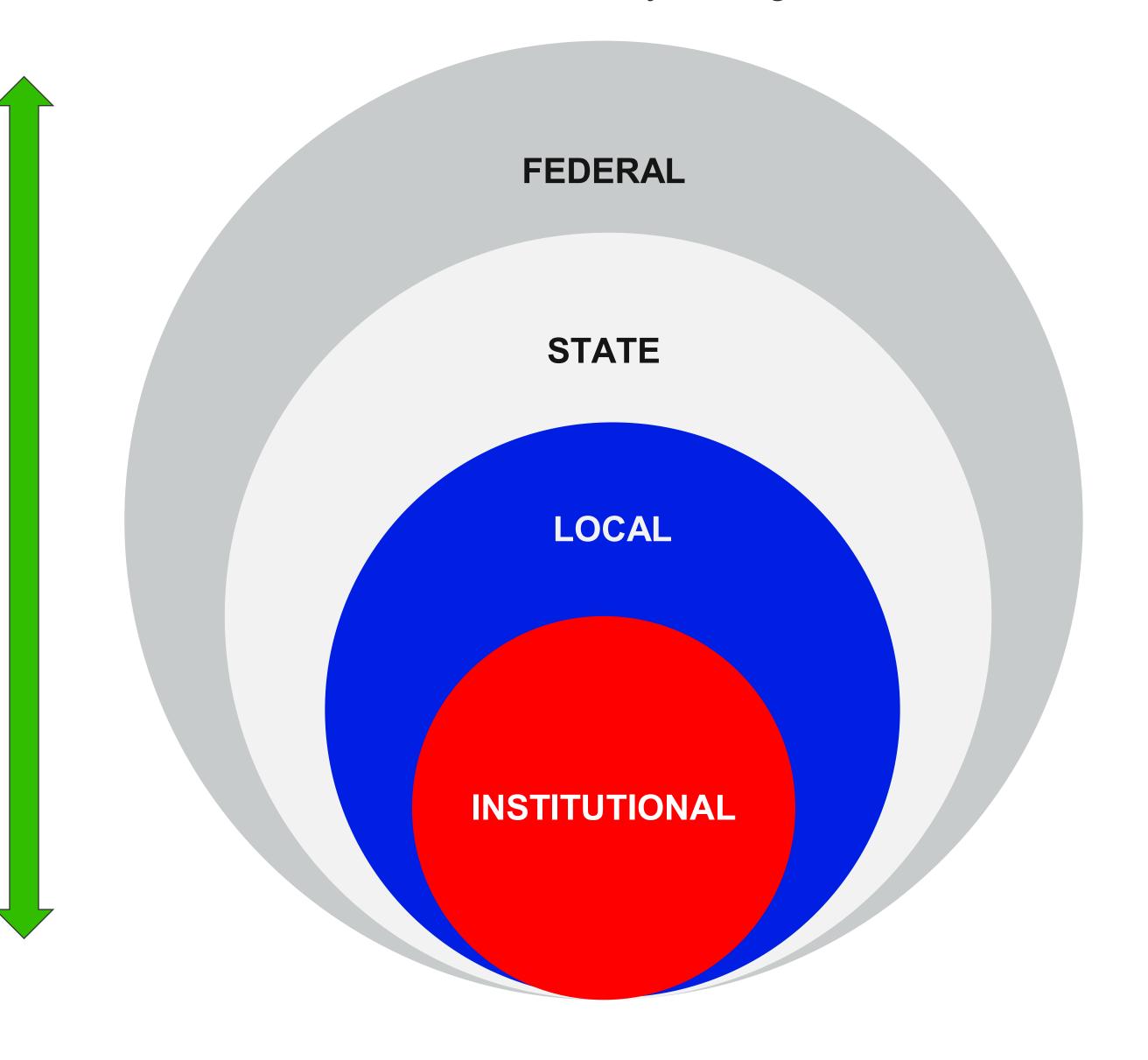
"The neighborhoods considered hazardous or declining almost a century ago have higher prevalence of poor health indicators than areas without these designations. these inequities in health, stemming from racist housing policies, have created pockets of the population vulnerable to public health crises, such as the covid-19 pandemic"

Source: Redlining and Neighborhood Health,
National Community Reinvestment Coalition

## Policy Matters.

Greater impact, greater effort to enact policy CHANGE (usually)

Levels of Policy Change



## Examples by Level.

#### **Institutional or Local**

- Seek guidance & partnership with community entities and advocates
- Integrate with community health needs assessment
- Financial assistance policy analysis and feedback
- Adopt patient friendly practices related to revenue cycle and billing

#### State level

- Address health coverage affordability
- Ban certain collections activity; address the role of state-owned hospitals and facilities that can be bad actors
- Fill gaps left by federal regulation (termed 501r)
- Set hospital global budgets and other cost containment strategies

#### Federal level

- Address health coverage affordability (ACA loopholes & enhance subsidies)
- Offer federal option for people in non-expansion states
- Change how medical debt is reported to credit agencies & limit debt collection tactics
- Streamline access to financial assistance information & create more incentives for charity care

## Change is Coming.

- No Surprises Act (NSA) federal ban on some surprise bills
- Credit Agencies announcement to remove paid medical debt and no longer report under \$500
- Enhanced ACA subsidies offer more affordable coverage options, Build Back Better
- Proposed changes to who is eligible for ACA subsidies by fixing a glitch in the regulatory language – family glitch
- Changes to Veteran debt collection and reporting by CFPB
- State action to set a floor for financial assistance and ban some debt collection practices

## RIP Policy Domains



- Equitable access to high quality affordable health coverage and lower out of pocket costs;
- Clear communication about and enrollment in financial assistance programs;
- Ban all extraordinary collection actions (ECAs) that harm individuals' credit and ability to economically thrive.

## Connecting the Kitchen Table to the Policy Cabinet

- Medical debt is pervasive and rooted in inequity
- We need more awareness & knowledge about medical debt to build power for policy change
- The stories and lived experiences of people with medical debt communicate the financial weight of medical debt and spurs action – action that can lead to meaningful change

# Stories from our Beneficiaries Impact and Initial Findings

Camila Salvagno, Program Manager Constituent Services, RIP Medical Debt Storytelling gives people the opportunity to **reflect** on how medical debt has affected their lives.

These personal experiences **inform** our policy priorities and the structural changes for which we advocate.

Post-debt relief testimonials illuminate the value of our efforts.

## Key Findings

People skip care to avoid incurring medical debt.

• The mental and emotional anguish caused by medical debt permeates all aspects of life.

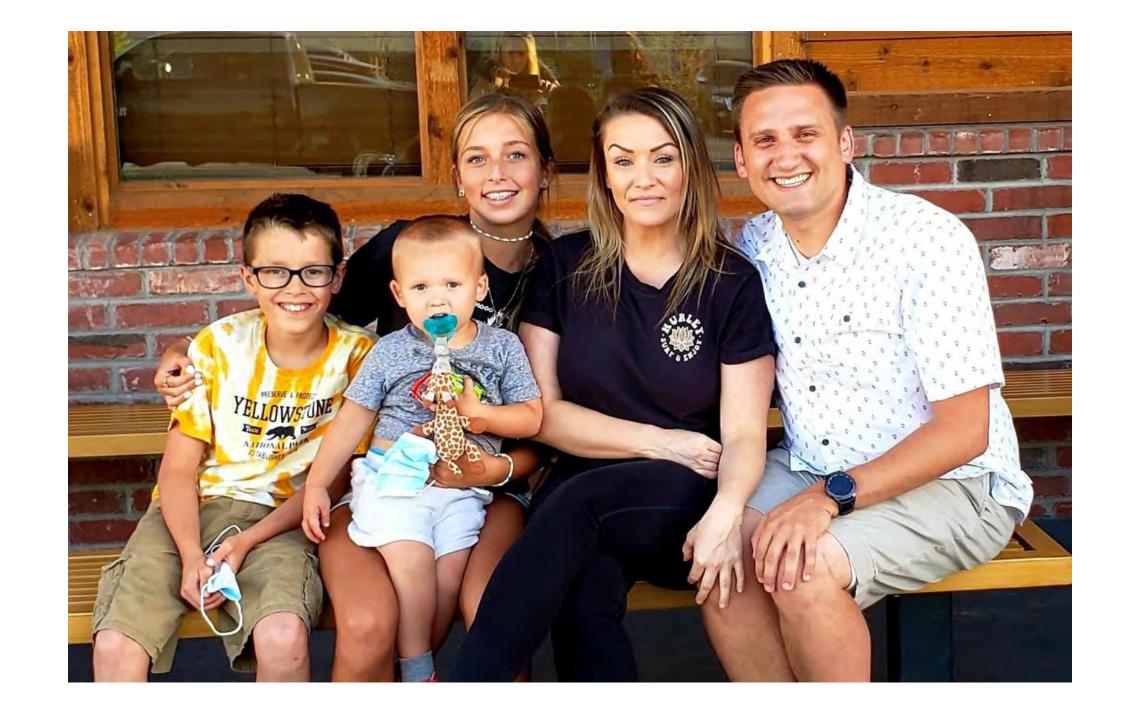
 Medical debt creates financial hardship for both the insured and uninsured.

 Wage garnishment and collection litigation increase economic vulnerability. Amount Abolished: \$14,214.42

"I used to have some idiopathic issues with kidney stones. I started by seeing a urologist [but because] specialists are so expensive, [I was forced to stop treatment.] One time I had a kidney stone and tried ignoring the symptoms. It turned into a full-blown kidney infection. I was in the E.R for multiple days because the infection became systemic and they needed to give me intravenous antibiotics.

I've accumulated a lot of medical debt. I had this story in my head that I would never be able to pay for it so I should just lay down and accept it. The most suffocating part is the shame you feel. You feel like a failure.

When I got those letters in the mail I just cried. I need to qualify to buy a home in the next few months. Lenders and sellers are very selective, without being able to clear this debt, [they most likely would not have chosen us.] I am beyond touched and beyond grateful for your kindness and empathy."



51%

Amount Abolished: \$848.28

"It is very difficult to secure health insurance today that doesn't cost half your income. Even so, copays are unaffordable. The only exception is for those with very low income who qualify for Medicaid.

I really appreciate and am touched by [those who donated to fund] the debt forgiveness.

I am concerned about the future where employed people with insurance are going deep into debt or bankruptcy [in order to] obtain basic medical care—even those with good insurance. What is the solution?"

"I received numerous letters in the mail saying that your charity, and the people involved paid almost [19, 000] dollars of medical debt for me. I've been trying to pay this for a few years now through plans and garnishment. I don't know what I did to deserve such amazing help but if this is true, I will never forget it. My story is I was having numerous seizures due to a medicine I was prescribed, so I was constantly waking up in a hospital. I didn't have insurance and usually didn't go by choice.

I have to say this is a big shock to me. It's hard to believe it's real that this debt is just gone. But it has stressed me for years. Every time I paid one, they just garnished me for a new debt. It was a never-ending cycle. For this to happen for me is amazing, something I'll never forget."

JETER IN JENKS, OK

Amount Abolished: \$474.00

"I have been paying \$50 a month since I was taken to court over this debt. I cannot express how much this is appreciated. It takes away a big stress hanging over my head.

Thank you."

Amount Abolished: \$468.94

"Thank you for taking the burden of this balance off of my plate. Unfortunately, it's just a drop in the bucket. As a cancer survivor, annual scans are a part of my new normal. The medical bills are always more than I can handle or afford, but I can't afford not to get them. It's a matter of life and death that I have to stay ahead of. There's always a chance the cancer could come back. I've got a lot to live for and would rather medical debt wasn't a part of my life.

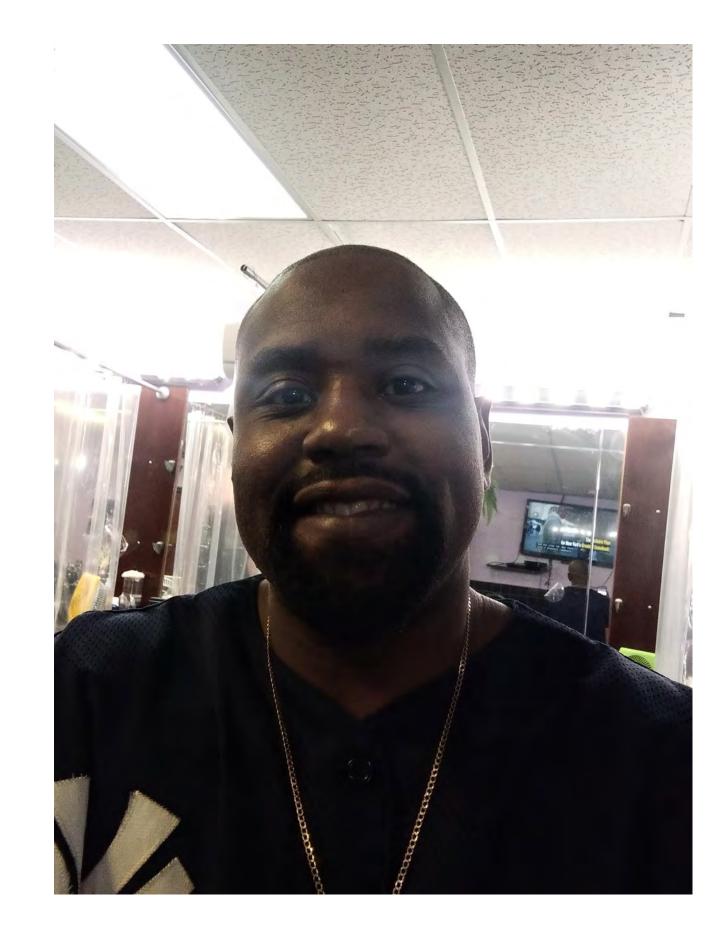
My marriage suffered (and ended) due to bills from my surgeries, hospitalizations, chemotherapy, radiation, coupled with stress and a lack of communication. I can't say that things would have been better without the medical bills, but they were worse as a result of them.

Thank you again for what you all do. It is valuable and makes a difference."

Amount Abolished: \$1,988.00

"When I got the letter, I started tearing up. I couldn't believe it. Because of RIP Medical Debt my credit is in a way better place than ever before, and I really want to show my appreciation for that. Thank you! I was floored. It's like you gave me back time. I have time to live my life now. I never had a doubt in my mind that I wouldn't be able to pay but it was a matter of when. Then RIP stepped in! And how I express myself now is only a small amount of how I feel. Debt can attribute to stress and stress can wear your body down. Thinking about debt daily can cause an enormous amount of stress and that is why I think the work you're doing is saving lives.

RIP threw me a lifeline. I can be the better version of myself. I've had my account frozen before, but I won't need to worry about that now. And I won't be needing to use my savings to pay off this debt. Thank you for helping me maintain my mental and physical wellness. And thank you for helping me become more financially stable."



### Impact of Medical Debt:

- People skip care to avoid incurring medical debt.
- The mental and emotional anguish caused by medical debt permeates all aspects of life.
- Medical debt creates financial hardship for both the insured and uninsured.
- Wage garnishment and collection litigation increase economic vulnerability.

### Impact of Debt Relief:

- Provides emotional relief.
- Repairs credit scores and improves economic security, allowing people to financially rebuild their lives.
- Alleviates the need for financial sacrifices, restoring other needs.

# Questions and Discussion

RIP MEDICAL DEBT



Improving Health ~ Eliminating Disparities

#### Save the Date!

CJA 2022 Conference September 19-20, 2022 New Orleans, Louisiana



# Please take a moment to complete Post-Webinar Survey (link in chat)

CJA-RIPMD Webinar Series Part 1 - Post Session Survey (google.com)









### Thank you for attending!

**Upcoming Webinar Sessions** 

SESSION 2 — APRIL 27

Making a Way Out: What Local Communities Can Do to End Medical Debt in their Backyards

SESSION 3 — MAY 11

Building a Medical Debt-Free Future: Funding Opportunity for CJA Members & Friends

For inquiries regarding the webinar series and partnership please contact:

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