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Funders Help Erase More than \$35 Million of Debt for Vulnerable Arkansans
Unveils Policy Recommendations to Alleviate Burden of Medical Debt, Court Costs

LITTLE ROCK, Ark. (Jan. 27, 2022) - A group of philanthropic organizations and donors joined together to erase more than \$35 million of medical debt for Arkansas residents. The announcement, made during a town hall hosted by Arkansas Asset Funders Network (AR AFN), Arkansas Community Institute (ACI) and Hope Policy Institute (HPI), aims to reduce the burden of medical and court costs on [Asset Limited, Income Constrained, Employed](#) individuals and people of color.

“Our current medical and court systems trap Arkansans in debt, harming already vulnerable populations as well as our state’s economic future,” said Bill Bynum, CEO of Hope Credit Union. “We must enact bold policy changes to mitigate wealth-stripping practices that perpetuate debt cycles.”

The Winthrop Rockefeller Foundation, HOPE, Arkansas Community Foundation and other donors raised more than \$225,000 to erase the \$35 million in medical debt. 23,896 Arkansans in all 75 counties benefitted, with an average eliminated medical debt of approximately \$1,500 per individual or family. [RIP Medical Debt](#) (RIP) coordinated the payment, purchasing the medical debts in large, bundled portfolios for a fraction of their face value. Recipients were randomly chosen based on who qualifies and account availability. Those selected for debt abolishment will receive a letter notification from RIP.

“Medical debt and court costs, fines and fees create significant barriers to wealth building,” said Neil Sealy, executive director of ACI. “When individuals are unable to pay collections, it can set off a catastrophic chain reaction with lasting impacts to their financial security and economic opportunity.”

As part of their town hall, Arkansas AFN, ACI and HPI shared federal, state and hospital-led policy [recommendations](#) that could help alleviate and prevent medical debt. They also highlighted how the court system, state legislature and local governments could enact changes to end the criminalization of poverty and reform debt collection practices.

Medical Debt

- Enact state legislation to protect consumers from out-of-network medical bill
- Include medical debt elimination and protections in the state's COVID-19 recovery plans
- Pass state legislation to protect patients from abusive medical debt collection practices, limit reporting of medical debt on credit reports and cap interest charged on medical debt

Court Debt

- Identify jurisdiction local fines and fees for potential elimination
- Implement a “no suspension” of drivers licenses for failure to appear or pay fines
- Amend the state's debt collection laws to better protect consumers

Funders can also lessen the burden of medical debt and court costs by increasing Arkansans' access to legal representation or legal counseling; calling for systemic reforms; elevating impacted residents' stories; and funding advocacy, research and public-private pilot initiatives or programs. The full list of the policy solutions is available [here](#).

According to the [Urban Institute](#), 37% of Arkansans currently have debt in collections—nearly 10% higher than the national average. The data reveals wide racial disparities, with 35% of people in white communities impacted and 56% of people in communities of color affected. Medical debt and related collection abuses disproportionately impact communities of color. This is of particular concern for a Deep South state like Arkansas, where a history of discrimination and exclusionary policies have led to high levels of economic distress. Policy makers have the power to eliminate the burden and put vulnerable Arkansans on the path to economic opportunity.

About Arkansas Asset Funders Network

Arkansas Asset Funders Network is a regional chapter of grantmakers who invest in opportunities for low and middle-income individuals and families to build economic well-being. Members include private, public, corporate and community foundations as well as public-sector funders and financial institutions. For more information, visit [assetfunders.org](#).

About Arkansas Community Institute

Arkansas Community Institute was founded in 1985 to improve housing opportunities in low- to moderate-income neighborhoods in Arkansas. The grassroots organization organizes low-income, working families to enable them to fight for social and economic justice. Over its history, ACI has released several reports on fair housing, predatory lending, access to health care, Arkansas's landlord tenant laws and debt. ACI also offers free tax preparation and other services.

About Hope Policy Institute

The Hope Policy Institute (HPI) is the policy and advocacy arm of Hope Enterprise Corporation / Hope Credit Union. HPI develops and advocates for policies to increase investment, expand financial inclusion and build the power and voice of local people in the Deep South. Channeling the voices and lived experiences of its members, who often face discrimination in the financial service sector, HPI offers policymakers, at all levels, the information needed to make equitable

decisions and build a stronger region. To learn more, visit www.hopecu.org ||
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