

## Appendix

### Health Policy is Wealth-Building Policy

Medical debt in the U.S. is a product of our health care policy, with its design resulting in the high cost of health care and an enormous burden of that cost falling on households. Reform is needed to not only ensure everyone has access to medical care and health insurance, but to also ensure that the care and coverage are adequate and affordable.

It's important to look at health policy as wealth-building policy and understand how much the burden of our system today falls on households, impacting their financial stability and stripping them of their wealth.



HEALTH POLICY	IMPACT ON HOUSEHOLDS
<p>A Lack of Universal and Affordable Health Coverage Leaves Millions Un- and Under-insured</p>	<ul style="list-style-type: none"><li>• 33.2 million individuals are uninsured (10.3% of the population). Nearly three-fourths of uninsured adults say they lack insurance due to the high cost.</li><li>• 4.4 million uninsured adults would benefit from Medicaid expansion, with 2.3 million currently in the coverage gap.</li><li>• 31 million Americans are underinsured, with costs high in relation to their income.</li></ul>
<p>High Cost of Medical Care Places the Burden of Medical Debt on Households</p> <p><i>The U.S. spends \$10,739 per person per year on health care (other comparable countries on average spend about half that amount).</i></p>	<ul style="list-style-type: none"><li>• Households are responsible for 28% of U.S. health care spending (over \$3,000 per person per year).</li><li>• The majority of household spending comes from out-of-pocket expenses (37%), their share of employer-sponsored health care (28%) and support of Medicare via payroll taxes (17%).</li><li>• As a result of the cost-burden placed on households, 79 million Americans struggle to pay their medical bills or are paying off medical debt and approximately 43 million Americans hold a total of \$81 billion of unpaid medical debt.</li></ul>

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## Accompanying Resources

### INCURRING MEDICAL EXPENSES

US Health Insurance Coverage in 2020: A Looming Crisis in Affordability

- Findings from the Commonwealth Fund Biennial Health Insurance Survey 2020
- <https://www.commonwealthfund.org/publications/issue-briefs/2020/aug/looming-crisis-health-coverage-2020-biennial>

### MEDICAL DEBT 101: HOW A MEDICAL BILL BECOMES MEDICAL DEBT

- A recent report by the Sycamore Institute explores how medical debt occurs.
- <https://www.sycamoreinstitute.org/medical-debt-101/>

### THE UNINSURED AND THE ACA: A PRIMER - KEY FACTS ABOUT HEALTH INSURANCE AND THE UNINSURED AMIDST CHANGES TO THE AFFORDABLE CARE ACT

- The Uninsured and the ACA: A Primer provides information on how insurance has changed under the ACA, how many people remain uninsured, who they are, and why they lack health coverage. It also summarizes what we know about the impact that a lack of insurance can have on health outcomes and personal finances and the difference health insurance can make in people's lives.
- <https://www.kff.org/uninsured/report/the-uninsured-and-the-aca-a-primer-key-facts-about-health-insurance-and-the-uninsured-amidst-changes-to-the-affordable-care-act/>

### AN OUNCE OF PREVENTION: A REVIEW OF HOSPITAL FINANCIAL ASSISTANCE POLICIES IN THE STATES

- <https://www.nclc.org/images/pdf/medical-debt/report-ounce-of-prevention-jan2020.pdf>
- This report is intended to enable community-based organizations, consumer advocates, and others working with vulnerable communities to identify and compare the financial assistance policies that states and hospitals have adopted to address ongoing barriers to health care

### MANAGING MEDICAL BILLS

The Burden of Medical Debt: Results from the Kaiser Family Foundation/NYT Medical Bills Survey

- This Kaiser Family Foundation/New York Times survey provides an in-depth look at the experiences of Americans ages 18-64 who say they or someone in their household had problems paying medical bills in the past year. The survey explores the causes of medical bill problems and the impacts they have on individuals and their families, finances, and access to health care. To provide context, a shorter companion survey was conducted among those who do not report having medical bill problems.
- <https://www.kff.org/wp-content/uploads/2016/01/8806-the-burden-of-medical-debt-results-from-the-kaiser-family-foundation-new-york-times-medical-bills-survey.pdf>

### PAST-DUE MEDICAL DEBT, FINANCIAL KNOWLEDGE, AND HEALTH INSURANCE

- Medical debt can be a significant barrier to financial health. In 2012, nearly 30% of nonelderly adults said they had an outstanding, past-due medical bill. Since then, the economy has improved and health insurance coverage has increased, yet past-due medical debt still affects millions of people's ability to build credit, to get the health care they need, and even to afford basic needs.
- <https://www.urban.org/policy-centers/cross-center-initiatives/opportunity-ownership/projects/past-due-medical-debt-financial-knowledge-and-health-insurance>

### DEALING WITH OVERDUE MEDICAL DEBT

Model Medical Debt Protection Act

- The purpose of this Act is to reduce burdensome medical debt and to protect patients in their dealings with medical creditors, medical debt buyers, and medical debt collectors with respect to such debt.
- <https://www.nclc.org/images/pdf/medical-debt/model-medical-debt-protection-act-082017.pdf>

### MEDICAL DEBT COLLECTION FACT SHEET

- Created by the National Consumer Law Center
- <https://www.nclc.org/images/Medical-Debt-Collection.pdf>

### HOW DEBT COLLECTORS ARE TRANSFORMING THE BUSINESS OF STATE COURTS

- The Pew Charitable Trusts sought to determine what local, state, and national data exist on debt collection cases and what insights those data could provide. The researchers supplemented that analysis with a review of debt claims research and interviews with consumer experts, creditors, lenders, attorneys, and court officials.
- <https://www.pewtrusts.org/en/research-and-analysis/reports/2020/05/how-debt-collectors-are-transforming-the-business-of-state-courts#:~:text=People%20sued%20for%20debts%20rarely,compared%20with%20nearly%20all%20plaintiffs>

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## Glossary

### AFFORDABLE CARE ACT

The comprehensive health care reform law enacted in March 2010 (sometimes known as ACA, PPACA, or “Obamacare”) (HealthCare.gov <https://www.healthcare.gov/glossary/affordable-care-act/>)

### BANKRUPTCY

A legal proceeding involving a person or business that is unable to repay their outstanding debts. All of the debtor’s assets are measured and evaluated, and the assets may be used to repay a portion of outstanding debt. (Investopedia, <https://www.investopedia.com/terms/b/bankruptcy.asp>)

### CHARITY CARE/ FINANCIAL ASSISTANCE

Fee or discounted medical care and especially hospital care provided to patients who do not have health insurance or are unable to pay for all or part of medical costs due to limited income or financial hardship (Merriam-Webster, <https://www.merriam-webster.com/medical/charity%20care>)

### DEBT COLLECTION

The process of pursuing payments of debts owed by individuals or businesses. An organization that specializes in debt collection is known as a debt collection agency, debt collection company, or debt buyers. (CFPB <https://www.consumerfinance.gov/consumer-tools/debt-collection/answers/key-terms/>)

### DEFAULT JUDGMENT

Judgment entered against a party who has failed to defend against a claim that has been brought by another party. (Free Legal Dictionary, <https://legal-dictionary.thefreedictionary.com/Default+Judgment#:~:text=Under%20rules%20of%20Civil%20Procedure,the%20clerk%20or%20the%20court.>)

### CIVIL COURT

Civil court is a government institution that settles disputes between two or more entities. Civil court cases may involve any combination of private citizens, businesses, government institutions, or other parties (Find Law, <https://www.findlaw.com/litigation/legal-system/civil-court-basics.html#:~:text=Civil%20court%20is%20a%20government,that%20also%20tries%20criminal%20cases.&text=Civil%20court%20cases%20may%20involve,government%20institutions%2C%20or%20other%20parties>)

### HEALTH INSURANCE

Health insurance is a type of insurance coverage that typically pays for medical, surgical, prescription drug and sometimes dental expenses incurred by the insured. (Investopedia, <https://www.investopedia.com/terms/h/healthinsurance.asp>)

### IN NETWORK

Services provided by a physician or other health care provider with a contractual agreement with the insurance company and paid at a higher benefit level. In-network usually costs you less than out-of-network coinsurance. (healthcare.gov, <https://www.healthcare.gov/glossary/in-network-coinsurance/>)

### INSURED

The person who a contract holder (an employer or insurer) has agreed to provide coverage for, often referred to as a member/subscriber. (BCBS, <https://www.bcbsil.com/insurance-basics/understanding-health-insurance/glossary#U>)

### LITIGATION

Litigation refers to the process of resolving disputes by filing or answering a complaint through the public court system (Legal Information Institute, <https://www.law.cornell.edu/wex/litigation#>)

## MEDICAID

Insurance program that provides free or low-cost health coverage to some low-income people, families and children, pregnant women, the elderly, and people with disabilities. Many states have expanded their Medicaid programs to cover all people below certain income levels. (healthcare.gov, <https://www.healthcare.gov/glossary/medicaid/>)

## MEDICAL DEBT

Refers to debt incurred by individuals due to health care costs and related expenses.

## MEDICARE

Medicare is the federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD) (HealthCare.gov, <https://www.healthcare.gov/glossary/medicare/>)

## OUT-OF-NETWORK

Services you receive are considered out of network when you use a doctor or other provider that does not have a contract with your health plan. When you go to an out-of-network provider, benefits may not be covered, or may be covered at a lower level. You may be responsible for all or part of the bill when you use out-of-network providers (BlueCross BlueShield, <https://www.bcbsil.com/insurance-basics/understanding-health-insurance/glossary>)

## OUT-OF-POCKET COSTS

Your expenses for medical care that aren't reimbursed by insurance. Out-of-pocket costs include deductibles, coinsurance, and copayments for covered services plus all costs for services that aren't covered. (Healthcare.gov, <https://www.healthcare.gov/glossary/out-of-pocket-costs/#:~:text=Your%20expenses%20for%20medical%20care,services%20that%20aren't%20covered>)

## SURPRISE BILLING

Refers to charges arising when an insured individual inadvertently receives care from an out-of-network provider. This situation could arise when the patient has no ability to select their emergency care. Surprise medical bills might also arise when a patient receives planned care from an in-network provider, but other treating providers brought in to participate in the patient's care are not in the same network. (Kaiser Family Foundation, <https://www.kff.org/private-insurance/issue-brief/surprise-medical-bills/>)

## UNDERINSURED

One who has health coverage all year but also meets one of three conditions: 1) annual out-of-pocket medical expenses amount to 10% or more of income; 2) for low-income adults with income under 200% of the federal poverty level, out-of-pocket medical expenses amount to 5% or more of income; or 3) health plan deductibles equal or exceed 5% of income (Commonwealth Fund, <https://www.commonwealthfund.org/publications/newsletter-article/61-million-are-either-uninsured-or-underinsured>)

## UNINSURED

People who lack health insurance coverage. Most of the nonelderly in the U.S. obtain health insurance through an employer, but not all workers are offered employer-sponsored coverage or, if offered, can afford their share of the premiums. Medicaid covers many low-income individuals; however, Medicaid eligibility for adults remains limited in some states. Additionally, renewal and other policies that make it harder for people to maintain Medicaid likely contributed to Medicaid enrollment declines. While financial assistance for Marketplace coverage is available for many moderate-income people, few people can afford to purchase private coverage without financial assistance. Some people who are eligible for coverage under the ACA may not know they can get help and others may still find the cost of coverage prohibitive. (Kaiser Family Foundation, <https://www.kff.org/uninsured/issue-brief/key-facts-about-the-uninsured-population/>)

## Endnotes

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