

Opportunities for Philanthropy

Philanthropy has an opportunity to find and invest in solutions to support the millions of households struggling at all phases of the medical debt lifecycle. Investment is needed to support efforts to prevent medical debt from occurring, manage medical debt once a bill is incurred, and mitigate the impact of medical debt once it is overdue and in collections. This type of investment includes innovations at the state and hospital level and to support individuals in managing and alleviating their debt burden.

The solutions we offer here are grounded in our priority to improve households' overall financial security, with careful consideration given to how solutions would impact low-income households and households of color. Each opportunity is accompanied by real examples that have been proposed or enacted and recommendations for philanthropy to support change and solutions at scale.

Opportunities for Philanthropists to Help Solve Medical Debt

INCUR EXPENSE *Prevent Medical Debt*

- Adoption or scale programs that connect consumers to public health insurance and charity care
- Adoption of financial assistance standards at city, county state or hospital level

MANAGE BILLS *Support Individuals*

- Adoption, expansion and hospital system integration of financial coaching programs
- Pilot and expansion of employee benefit models for medical debt management
- Pilot and expansion of tools that help consumers negotiate down and manage medical debt payments

DEAL WITH DEBT *Mitigate Effects*

- Adoption or scale of programs that cancel medical debt
- Expansion of community access to legal aid representation
- Support and expansion of legal technology solutions for debt litigation
- Pilot and evaluation of programs to signal reforms in debt litigation

Adapted from Sycamore Institute Medical Debt in Tennessee: 12 Options for State Policy Makers 2019, <https://www.sycamoreinstitute.org/medical-debt-policy-options/>

Prevent Medical Debt by Improving Access and Transparency to Insurance and Financial Assistance

Advocacy organizations make a significant impact working to ensure that patients who are eligible for health insurance coverage and charity care programs receive access to them while also working diligently to expand access to affordable, quality care. Solutions here seek to address medical debt by preventing debt in the first place, so the burden never falls on the household. These innovative solutions can foster system change at the local, state, and hospital levels.

EXAMPLES

- **The Tennessee Justice Center**, a non-profit public policy advocacy organization and law firm based in Nashville, Tennessee, uses policy work and legal tools to improve the lives of millions of Tennesseans. While they support and advocate for access to affordable health care for all families, within medical debt, they have developed an innovative upstream approach working directly with hospitals to connect patients to public health insurance and charity care programs at the time of care to prevent them from having to incur debt.
 - **In its Model Medical Debt Collection Act**, the National Consumer Law Center proposes state law reforms that include:
 - Setting standards to determine eligibility for financial assistance (charity care) under the Affordable Care Act.
 - Requiring hospitals to make their assistance programs public.
 - Setting standards for fair collection practices for all health care providers.
- For example, the National Consumer Law Center worked with stakeholders in the State of Oregon to strengthen the state's financial assistance rules, and they are working with advocates in other states to strengthen their practices.

Role of Philanthropy

- **Fund efforts to adopt and scale programs** to ensure patients can access needed care without the financial stress and burden of debt.
- **Support efforts to expand outreach in communities** to ensure those who are eligible for public health insurance coverage and financial assistance are aware and can receive it.
- **Work with advocates to support the adoption of eligibility standards** for financial assistance and transparency around these standards at the hospital system, city, county, or state level.

Support Individuals as They Manage Medical Bills

While advocacy efforts are critical to reducing surprise billing and increasing consumer protections, innovative programs and products can be utilized to make it easier for people to manage their bills. These innovations help patients understand their bills, dispute billing errors, negotiate the cost, and manage their payments—all to prevent debt from going into collections.

EXAMPLES

- **Financial Coaching:** Financial coaching programs offer one-on-one services to improve financial outcomes through customized goal setting and action plans to meet these goals over time. A randomized study of two coaching programs found that financial coaching was effective in helping clients reduce unpaid medical debt.
- **MedPut:** MedPut is an innovative employee benefit that helps employees navigate and manage the billing and payment process. MedPut negotiates any type of unpaid health care bill and then provides interest-free financing to help pay it off. Repayments are then made through small payroll deductions.
- **Health Aid by Earnin:** A service on the Earnin app, the Health Aid team helps Earnin clients save by negotiating with medical providers to reduce balances owed, set up a manageable monthly payment plan, or both. There are no fees to use Health Aid.



Role of Philanthropy

- **Support non-profits and health care providers to offer financial capability services** such as financial coaching that help people prepare for, understand, and manage their medical bills. Integration of these services in health care settings could also provide upstream support to individuals, helping them understand their coverage and connect them to financial assistance programs to prevent medical debt from incurring.
- **Invest in innovative ideas:** Partner with an employer that might not be able to offer such a benefit, but that has workers who are disproportionately impacted by medical debt. Finance the ongoing management of the program or offer a critical financial contribution to test out its effectiveness.

Mitigate the Negative Effects of Debt in Collections through Debt Relief and Support of Defendants in Medical Debt Collections Litigation

Philanthropy can invest in systemic solutions that relieve medical debt burdens on individuals by “abolishing” overdue medical debt or seeking to assist defendants in debt collections litigation with the goal of seeking just resolution of medical debt claims that support, rather than damage, long-term financial security. A wide array of organizations—the Sycamore Institute in Tennessee, the Pew Research Center, the National Consumer Law Coalition, and the Aspen Institute Financial Security Program—have explored and called for a variety of solutions to rebalance power and ensure that debt collection settlements and judgments don’t cause irreparable damage to household financial security. Examples include:

RELIEVE OR “ABOLISH” MEDICAL DEBT

- **RIP Medical Debt:** Since 2014, this non-profit organization has used donor funds to abolish—or purchase and forgive—individual borrowers’ medical debt. Working with hospitals, they identify and purchase debt portfolios for those in or near the poverty level—and then forgive it. The purchase, amounting to almost \$3 billion, relieved debt for 1.8 million borrowers. Once the debt has been forgiven, they help recipients repair their credit reports, which renews their access to opportunities and resources that will allow them to rebuild and recover.
- **Medical Debt Freedom Fund:** A new campaign by the Maryland Consumer Rights Coalition works to free patients in Maryland from medical debt burden. In Maryland, where a third-party debt collector cannot purchase medical debt, they are working to pay off patients’ medical debt. They focus on relieving the burden of patients at hospitals that are most aggressive in suing to collect debts. They also work to raise awareness about the problems of medical debt in Maryland, the impact of medical debt on patients, and ways to solve medical debt. The Maryland Consumer Rights Coalition regulates predatory and deceptive loan products, limits shoddy debt settlement businesses’ ability to take consumers’ money without eliminating debt and leads statewide efforts to reform local and state debt collection policies that criminalize poverty and deepen the racial wealth gap. The Maryland Consumer Rights Coalition’s debt reform work includes research, consumer education, and policy advocacy.

SUPPORT DEFENDANTS IN MEDICAL DEBT COLLECTIONS LITIGATION

The gold standard for helping a defendant navigate a medical debt lawsuit is full legal representation. Acknowledging the well-documented challenges of providing access to justice for all people in the U.S., especially given the lack of funding for high-quality legal aid attorneys, there are a range of examples that philanthropists can consider if they seek to help rebalance power in medical debt collections litigation:

- **Funding access to justice by supporting legal aid:** Legal aid organizations across the country provide legal advice and direct representation, helping those with questionable medical bills to successfully navigate collection actions and litigation to a waiver of debt or a settlement. Their experience can inform the courts or public officials about needed systems change, and they are often a source of community education. To do this work effectively with dedicated staffing and to coordinate pro bono efforts, these programs need philanthropic funding that supplements the legal services corporation funding.
- **FairShake:** FairShake simplifies the process for consumers to resolve disputes with large corporations. They help consumers produce an official legal notice to the company and then navigate the process to successfully resolve the complaint. Also, they help bring claims to independent decision-makers through the consumer arbitration system.
- **Hamilton County Online Dispute Resolution Pilot Program:** A pilot program in Hamilton County, Tennessee, is working to shrink the number of default judgments and provide defendants with more support. They are hoping to do this by piloting an online dispute resolution tool in 2020 that allows debtors to negotiate online with a mediator’s help. If successful in decreasing default judgments, it will be expanded in Hamilton County.