



## Strengthening our Response: Protect Consumers from Medical Debt

### Summary

As millions of Americans lose their jobs, it is expected that many will also lose their health insurance coverage. When people are uninsured, they are more than [four times more likely](#) to not seek care from a doctor or clinic despite having a medical problem than those with those with health insurance. During a pandemic, when people's care-seeking behavior affects not just themselves but also their loved ones, co-workers and community, we must remove all barriers to accessing health care. Medical debt influences individual and family care choices and severely threatens their ability to balance competing basic needs. Patients with [bills in collection are more likely to postpone care](#), or not seek recommended testing or treatment than those not facing collection actions.

Congress should suspend medical debt collection and negative credit reporting; protect federal stimulus payments from garnishment; eliminate cost sharing associated with COVID-19 treatment and related care; eliminate fees for uninsured patients during the state of emergency; and prohibit negative credit reporting of medical debt for COVID-19 testing and treatment at any time.

### The Problem

Medical debt is a problem that influences individual and family care choices and threatens people's ability to make ends meet. Prior to the COVID-19 pandemic, [45 million or 23%](#) of working-age American adults had medical debt or medical bills they were paying off over time. Two-thirds of them had no insurance at the time they incurred these bills and a third had coverage that did not sufficiently protect them. Those with medical debt, whether insured or uninsured, are [three times more likely to postpone care](#) than those not experiencing medical bill problems.

Problems resulting from medical debt go beyond access problems. Nearly two-thirds of those with medical debt used up all or most of their savings trying to pay their medical bills and more than one-third borrowed from friends or family. Not surprisingly, more than one-third of those with medical debt also struggle to pay for food, heat and housing. As millions of Americans lose their jobs, it is expected that many will also lose their health insurance coverage causing the problems associated with medical debt – not just bills for COVID-specific treatment – to increase.

In the midst of the current pandemic, steps should be taken to eliminate all financial barriers to care for the screening and treatment of COVID-19 and to protect households from financial hardship during the economic contraction. Although the Trump administration recently declared that providers would be reimbursed the cost of screening and treating uninsured COVID-positive patients, news [stories](#) continue to document massive consumer debt burdens, including medical debt, resulting from COVID-19. To make matters worse, [aggressive](#) medical debt collection practices continue. Some hospitals are seizing [bank accounts](#) and debt collectors are [grabbing federal stimulus](#) checks before needy Americans can use them to buy food or pay the rent. Research shows that debt collection and wage garnishments are more frequent in [Black communities](#), while Black households [earn markedly less](#) than white households, leaving them less financially secure. As the issue of longstanding inequity in access to resources and health care takes center stage during COVID-19 outbreak, it is important to directly respond to the disproportionate effects on people of color and protect them from further harm.

## The Solution

In addition to expanding coverage by increasing funding for Medicaid and Marketplace plans and making direct payments to providers, Congress should take specific steps to protect people from medical debt. The HEROES Act includes many reforms to protect consumers – these provisions should be included and strengthened in any final package.

- **Suspend all medical debt collection activity while addressing the pandemic.** Patients with [bills in collection are more likely postpone care](#), or not seek recommended testing or treatment than those not facing collection actions. Providers and their third-party collection agencies should be required to cease all legal actions and involuntary medical debt collection activity during the state of emergency. [Hospitals](#) have taken such steps and some states have put these protections in place (see [New York](#) and [Illinois](#)).
- **Protect federal stimulus payments.** Federal stimulus checks should be protected from garnishment. The federal government should take steps to protect these funds intended to support the basic needs of American families, as has been done in selected states (see [Ohio](#), [Maryland](#), and [California](#)).
- **Eliminate Patient Fees for COVID-Related Treatment.** Require providers accepting federal relief funds to eliminate all patient fees for costs related to COVID-19 screening or treatment. For insured patients, eliminate deductibles, co-payments and co-insurance for COVID-related care. For patients with no insurance, do not allow billing by any entity receiving federal funds, or entities providing services to patients while being treated in those entities. For example, many hospitals have outsourced their emergency departments and lab services. These entities are often owned by [private firms](#) that are commonly the source of surprise bill complaints.
- **Eliminate fees for uninsured patients during the state of emergency, for all medical treatment.** Require providers accepting federal relief funds to eliminate patient fees for any health care treatment they receive during the state of emergency. The administration's policy is to reimburse providers only for treatment of medical conditions provided to uninsured patients with a positive COVID-19 diagnosis. Uninsured individuals often have untreated chronic conditions, so while being screened for COVID-19, they may receive care for other urgent health needs. If uninsured patients are billed for these costs, those patients will be less likely to return for needed follow-up care, and others may be discouraged from seeking testing for the virus.

## Sample Language

"All medical debt collection legal actions and involuntary medical debt collection shall cease during the state of emergency until 60 days following the lifting of the emergency. In addition, medical debt accrued from February 1, 2020 until 60 days following the lifting of the state of emergency should be subject to consumer protections including, but not limited to: a one-year prohibition on collection activity; a one-year prohibition on credit reporting; an extension of state and federal health insurance appeal deadlines; a prohibition on balance or "surprise" billing; a prohibition of any extraordinary collection actions as listed at 26 CFR 1.501r; and a prohibition of interest or collection fees related to these debts."

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