



ADDRESSING MEDICAL DEBT IN INDIANA

WHY ADDRESS MEDICAL DEBT?

- **Increase Self-Sufficiency and Economic Activity:** People with medical debt cut spending in other areas, such as food, clothing and other household items.
- **Promote Health:** Medical debt causes people to delay seeking health care and to experience stress and poor mental health.
- **Increase Access to Housing, Jobs, and Credit:** Medical debt in collections can damage an individual's credit score, which is used in decision-making around housing, employment, and credit.
- **Level the Playing Field:** Individuals who struggle with medical debt are more likely to be Black, low- to moderate-income, and living with a disability or a child with a disability.

THE SCOPE OF MEDICAL DEBT IN INDIANA

While it is difficult to get a precise picture of the total amount of medical debt in Indiana, *at least one in six Hoosiers* has overdue medical debt because it shows up on their credit report as in collections.

WHAT INDIANA CAN DO

Strengthen Charity Care Policies

- Establish a minimum standard for charity care for non-profit and/or for-profit hospitals.
 - Example 1: *hospitals must provide free care for patients whose income is at or below 200% FPL, reduced cost care for patients whose income is above 200% FPL but below 400% FPL*
 - Example 2: *hospitals with at least 100 beds must provide a minimum amount of free care of 0.6% of their net revenue for the preceding year for patients who are indigent*

Create Stronger Requirements for the Advertisement/Assessment of Charity Care Eligibility

- Require providers to screen every patient for eligibility
- Ensure that charity care is transparent, clear, and advertised in multiple ways

Provide Direct Medical Debt Relief

- Partner with non-profits like RIP Medical Debt to bulk purchase and eliminate medical debt
- Partner with non-profits like Indiana Health Fund to offer individual applications for medical debt relief
- Incentivize coverage by allowing navigators to offer medical debt relief when Hoosiers get insurance

Address Billing & Collection Practices to Promote Financial Stability

- Require hospitals to allow patients to pay in installments
- Cap interest rates on unpaid medical bills
- Limit when medical debt can be sent to collections (e.g. prohibiting collection while patient is appealing coverage or waiting for claims to resolve, preventing collections on smaller dollar amounts owed)
- Prohibit liens on homes as a form of collection
- Establish stronger wage garnishment protections

Limit Damage to Credit Scores

- Limit the circumstances under which medical debt can be reported to credit bureaus

Collect Data

- Require reporting on collection efforts, wage garnishment, etc.
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