



INDIANA COMMUNITY ACTION POVERTY INSTITUTE

Research and Public Policy

Thank you, Chairman & Members of the Committee,

Thank you for allowing me to speak today on this important issue. My name is Lauren Murfree, and I am a policy analyst with the Indiana Community Action Poverty Institute. I am here to testify our opposition to SB 2. We are concerned about a number of aspects of this bill, but the particular focus of my testimony today will be on the downstream impacts this bill will have on Hoosiers' financial wellbeing due to the medical debt they will acquire from the holes in coverage that will be created by this bill.

Currently, families are struggling to make ends meet and the undue burden of medical debt looms over many with one national poll from the Kaiser Family Foundation indicating that 41% of adults have healthcare debt—threatening their financial stability, access to housing, and ability to afford basics like food.ⁱ

Recently, our team interviewed new mothers about their experiences with medical debt. One shared a metaphor of a looming cloud, saying that constant stress due to medical bills made it hard to enjoy this key point of child development and bonding – and prevented them from getting care they needed. This overwhelming fear of medical debt caused some new mothers to delay their own healthcare needs, one mother stated experiencing “*severe pain in their abdomen and that their chest ...was just on fire.*” But all they could think about at that moment was that they, “*didn’t want to go to the doctor and have ER bills.*”ⁱⁱ

Medical deb is experienced across age groups including those who are older adults as in the instance of Sonya Paul from Muncie, who was diagnosed with breast cancer shared that both she and her husband lost their home and both filed bankruptcy. Medical bills took all of their savings for retirement. Sonya shared quote:

“I think what is also hard is you realize you’ve had this American dream and it just gets snatched away from you so quickly. You are in poverty before you even realize it’s coming.” End Quote

We know in the state of Indiana, there is an estimated \$2.2 billion in medical debt collections outstanding already.ⁱⁱⁱ This issue touches across economic lines, although those without the

financial means to afford quality insurance coverage or receive it through their employer are impacted the most negatively by a rainy medical day.

When looking at the impact of Medicaid expansion, in its first two years, Medicaid expansion reduced medical debt sent to third-party collections by \$3.4 billion and reduced bankruptcies nationwide by 50,000. Between 2013 and 2020, new medical debt dropped by 34 percentage points more than in states that expanded Medicaid in 2014 than in states that did not expand Medicaid over this period. A study found that after enrolling in Medicaid expansion coverage, low-income adults had about \$1,140 less in overall unpaid debt sent to third-party collections.^{iv}

The passing of SB 2 would put individuals who were positively impacted by the Healthy Indiana Plan at particular risk of acquiring medical debt due to either acute or chronic health needs. It would worsen the health of our state by making Hoosiers who would have been able to access needed healthcare services via this coverage to have to choose between paying for basic needs or seeking medical treatment. Placing that looming cloud over swaths of Hoosier families, who are without an umbrella of medical coverage to protect them from a potential impending financial downfall from medical debt isn't going to make Indiana better. If we want people to work, support their families, be good neighbors – that all starts with being healthy.

We strongly urge you to vote no against SB 2 for the health of our state and the future of Hoosier families.

ⁱ Lopes, L., Kearney, A., Montero, A., Hamel, L., & Published, M. B. (2022, June 16). Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills - Main Findings - 9957. *KFF*. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>

ⁱⁱ Listening to Hoosiers- New Mothers & Medical Debt (2024), Indiana Community Action Poverty Institute, https://institute.incap.org/assets/LTH_MedicalDebt.pdf

ⁱⁱⁱ Medical Debt Burden in the United States, (2022), Consumer Financial Protection Bureau, https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf

^{iv} *Medicaid Expansion: Frequently Asked Questions* | Center on Budget and Policy Priorities. (2024, March 18). <https://www.cbpp.org/research/health/medicaid-expansion-frequently-asked-questions-0>