



# INDIANA COMMUNITY ACTION POVERTY INSTITUTE

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## Research and Public Policy

Senate Committee on Health and Provider Services

Indiana Community Action Poverty Institute

Thank you, Senator Charbonneau and members of the committee, for bringing this bill back for consideration. Making it possible for the people you serve to get the medical care they need without facing financial hardship is a worthy goal. I'm grateful to Senator Brown for leading the interim conversation, to the Hospital Association, advocates and legislators who've taken time to meet and discuss ways to refine the bill, and to the bill authors for their patience and persistence.

Challenges securing affordable health care are real, persistent, and have life-and-death consequences. Some in my family was recently diagnosed with cancer, and his doctor ordered a test insurance refused to cover. We found ourselves in the same place as so many other Hoosiers – fear of what will happen if you don't get the care you need and fear of the cost if you do.

Hoosiers are navigating these experiences every day, and I'd like to lift up a few we've heard from recently:

- “When [my mother] developed colon cancer...she used her savings, then credit cards for medical bills and medication, until she was forced into bankruptcy.”
- “[Medical debt] made me decide not to have another baby because I couldn't afford the medical bills. It took me two and a half years to pay off my birth and that payment plan was more than my car payment.”
- “I have kidney failure & lung cancer. I have insurance but it doesn't cover everything. My medical costs keep rising each year.”
- “I will have to work until I fall over dead because I have no retirement - it was all wiped out when I suffered an... aneurysm and then an open heart [surgery].”
- “I've used...my credit card just to avoid being sued. I have had medical bills turned over to collections because I couldn't pay a \$200+ bill as soon as we receive [it]...the pressure of trying to figure out how to balance it all is so stressful.”

As we've shared before:

- Nationwide, as many as 40 percent of adults are in debt because of medical or dental care (Kaiser Family Foundation, 2022).
- Indiana has an estimated \$2.2 billion in collections – likely far less than is outstanding.
- Pew Research Center suggests that as much as a third of debt collection lawsuits may be attributed to health care costs – including a recent analysis of Indiana court filings finding over 36,000 identifiable medical debt cases over a two-year period. Meanwhile less than 1% of Hoosier consumers in these medical debt cases had representation.
- Payroll processor ADP suggests Indiana is tied for first (with Wisconsin) in percent of its population with a wage garnishment (of any type) – perhaps due in part to the fact that it is among the states that is least protective of an employee's income.
- Indiana's current floor for garnishment is just \$217.50/week. How can a Hoosier even afford just their housing and car payment with so little protected from creditors?

SB 85 creates breathing room for Hoosiers facing medical bills in several ways:

- It requires affordable payment plans for low- and moderate-income individuals facing medical costs. [400% FPL is roughly \$60k for an individual – so a police officer or teacher.]
- It creates a pause in collection attempts for people to challenge insurance denials –[67% of those with health care debt say they haven't paid a bill because they can't afford it, while a roughly equal number haven't paid because they believed it should have been covered by insurance or they didn't believe the bill was accurate.]
- It puts strategies in place to increase awareness of financial assistance options and how to apply.
- It allows someone who has fallen behind on medical debt to keep a reasonable amount of weekly earnings when a debt collector pursues wage garnishment – the equivalent of 200% of the Federal Poverty Level, which is about \$600/week.
- It protects a family's home from being the subject of collection attempts for medical debt – a protection that's available even more broadly to families in states like Arkansas, Florida, Iowa, Kansas, Oklahoma, South Dakota, and Texas.

These simple steps do not erase medical bills; rather, they strive to make repayment manageable for low- and middle-income Hoosiers who are navigating other pressures on their household budgets. They align with Indiana's constitution, which promises debtors "the necessary comforts of life" through meaningful exemptions to collection efforts. The goal here is to keep people's heads above water – allowing them to take care of both their health and their families. Thank you for making this a priority.