



INDIANA COMMUNITY ACTION POVERTY INSTITUTE

Research and Public Policy

I am excited to be here today to support this bill, and I want to thank the bill authors and the hospital association for the conversations we've been able to have. We appreciate that the authors are trying to strike the right balance.

I know this committee has been working very hard to address health care costs in an effort to ensure that businesses want to come to Indiana and Hoosiers have the opportunities to lead healthy, financially secure, and productive lives. As you have been working to tackle issues like high "sticker prices" and insurance denials, regular Hoosiers have been caught in a system that is difficult to understand and navigate. They are receiving bills in the mail that are often unpredictable and sometimes devastating. So we thank you for the work you are doing.

Our organization works with Indiana's 22 Community Action Agencies to conduct community needs assessments related to barriers to financial well-being. In 2020, for the first time, we included a set of questions in our survey about debt. Among the 5,822 survey respondents (who were typically low-income Hoosiers) 47% reported that they had medical debt and nearly a third had medical debt IN COLLECTIONS. So, we dug deeper and learned that medical bills are the most frequent tradeline on credit reports and in 2022, Indiana had an estimated \$2.2 billion of medical debt in collections – a figure that only scratches the surface because it doesn't represent bills on payment plans or paid by other means, like credit cards.

The KFF Health Care Debt Survey suggests that 41% of adults nationwide currently have some form of health care debt – typically from a one-time or unexpected health issue (72%).

Behind these numbers are stories:

- Deborah Fisher from Indianapolis finally had a miracle baby after several miscarriages but it came at a staggering cost – leading to medical debt that caused led to wage garnishments, bankruptcy, and the loss of her home. [She shared with us that](#), “It felt like I was trying to make my way back up the ladder, only to fall back down to the bottom. **It was like being punished and re-punished all over again** — all because I had a baby that needed medical care.”
- Sonya Paul from Muncie, who was diagnosed with breast cancer shared that she filed bankruptcy and lost her retirement savings due to medical debt. She says **"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."**
- A new parent we interviewed who was billed \$8000 because of an insurance denial at a time when she was already struggling to pay off other medical bills told us what she would say to policymakers about our current health care system, **"I would ask for mercy."**

Research studies tell us that medical debt:

- harms a household's ability to meet basic needs, with [six in ten adults](#) with health care debt reporting cutting back on food or basic needs as a result of medical debt.
- harms mental health, and

- prevents people from seeking or following through on care; individuals with medical debt become twice as likely to forgo their necessary care as their counterparts without medical debt.

SB 317 takes important steps to help Hoosiers keep their heads above water when faced with medical bills and provide some measure of protection when people are challenging insurance denials. It attempts to ensure that people are aware of financial assistance policies and have access to payment plans, while also addressing debt collection practices related to things like credit reporting, liens on a family home and wage garnishment. We're particularly excited about the wage garnishment protections, because our current wage garnishment law is tied to the federal minimum wage and a person could be forced to live on \$217.50/week (30 times the minimum wage or 36% of the federal poverty level for a family of four). I hope we can agree that no-one should be garnished into poverty or fear losing their home because they got sick.

We believe Hoosiers deserve a healthcare system that is transparent, accessible and affordable for the people it is meant to serve. The Institute looks forward to continuing to be a voice for the many Hoosiers who struggle with high health care costs and to supporting your efforts to improve health care access and affordability.

Notes to Self:

Wage garnishment prohibitions – total ban in North Carolina, Pen, South Carolina, Texas; medical debt specific bans in Maryland, New York; 42 states more generous with protections (e.g. Alabama protects \$1000/week).

Protecting a family home – many states have a homestead cap, but one that is high enough to protect a median-priced home. Ours cap is \$22,750

-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.