Punished for being poor?
Battling medical debt in America

Dispatcher: 911, what's your emergency?

Caller: America's healthcare system is broken and people are dying! (ambulance siren)

Welcome to **Code WACK!**, where we shine a light on America's callous healthcare system, how it hurts us and what we can do about it. I'm your host, **Brenda Gazzar**. This time on **Code WACK!** Why is medical debt really a racial justice issue? What legislation at the state and federal levels has been passed to help alleviate medical debt and how would Medicare for All help? To find out, we spoke to Berneta Haynes, a staff attorney for the National Consumer Law Center, who focuses on medical debt and consumer energy policy.

Welcome back to Code WACK! Berneta.

Q: In your new report on medical debt for the National Consumer Law Center, you state that medical debt must be addressed as a racial justice issue that exacerbates the existing wealth and health gap facing Black families and communities. Can you elaborate on that?

(00:58):

Haynes: The majority of our Black population in this country percentage wise resides in the South – states that did not expand Medicaid. That region is also where we see the highest amounts of medical debt so addressing medical debt will require targeting Black families and Black communities for the solutions, which really is going to look like addressing medical debt in the South in particular in order to get to the root of these problems in order to solve the problem on a nationwide level.

(01:26):

Q: Mm-Hmm. Which states in the South expanded Medicaid to include more lower income people?

(01:32):

Haynes: Well, my home state Arkansas expanded Medicaid. Louisiana as well expanded Medicaid. And I believe there was one other, but Louisiana and Arkansas are the shining examples of Medicaid expansion in the South and I want to emphasize Louisiana and Arkansas because they've had to constantly fight for their Medicaid to make sure that legislators are not implementing requirements that would narrow the eligibility from Medicaid. For instance, Arkansas had to fight back work requirements that their legislators put in place. Louisiana as well had to fight back work requirements that would have limited eligibility for Medicaid. So even in those states that expanded Medicaid in the South, the fight is never over. They're constantly trying to make sure that eligibility to it is protected as much as possible.

Wow.

Georgia, where I'm located, did not expand Medicaid and we've fought over and over to get Medicaid expanded in some capacity or another. The states that did not expand Medicaid, we have seen that hospital closures are common in those states. Rural hospital closures in particular in Georgia are significantly correlated with the lack of Medicaid expansion.

(02:46):

Q: Wow. Can you explain why that is?

(02:49):

Haynes: In some rural communities, the population tends to be largely low income, right? Folks who would actually be eligible for Medicaid. Not expanding Medicaid leaves a lot of those people in the coverage gap – no insurance, no way to pay for health care. So as a result, people don't seek health care and also have no way to pay for it. So those hospitals

have a hard time from a business perspective maintaining facilities and staying open from a cost standpoint.

(03:15):

Q: That's sad on so many levels.

(03:18):

Haynes: It really is because it has left a lot of people in communities where they don't have an OBGYN. They just don't have certain types of specialty physicians. They have to travel 50 miles or more to get to a hospital or a particular specialty physician. It's left a lot of rural communities in a real bad situation in terms of healthcare access.

(03:37):

Q: Berneta, last time we spoke, you mentioned the case of Venus Lockett who battled medical debt during a time that she was uninsured. Do you have another story that illustrates how devastating medical debt can be for a family or individual?

(03:51):

Haynes: Absolutely. So there is another story of a woman in Jackson in Mississippi. She was sued for a medical debt bill after setting up a payment plan with the hospital. So this was a person who was doing everything they could to actually responsibly handle the debt. She was diagnosed with breast cancer and went through a surgery and a month of radiation treatment. This was back in 2016, so good for her she came out cancer free, but bad for her that she ended up stuck with medical debt. She was insured through her employer at the time, but she still ended up slammed with these medical bills from five different providers who saw her during her treatment. She set up a payment plan and then still though, after a year of these automatic payments, the hospital, they stopped billing her. And then she tried to find out why. Why did they stop billing her? Because the bill still needed to be paid. When she asked them to restart the payment plan, they sent her to debt collections. She'd done everything she could and she still ended up in debt collections.

(04:46):

Q: Wow. So how did that impact her life?

(04:49):

Haynes: So these debt collectors called her all the time. She said they would call every day if she didn't send money, adding to her stress, just making her feel even more financially insecure than she probably already was. Eventually the debt collector sued her and she's still paying down the debt. She stated that because of these experiences, she never wants to go to that particular hospital again so these kinds of experiences are not uncommon and they really can change a person's interactions and perceptions of certain hospitals. That

hospital might be close to them and yet from that point on, they may think 'I need to go away across town if I ever need treatment.' No one should have to make those kinds of decisions. What if she has an emergency and has to be rushed to that hospital again? And, you know, we have stories of patients in California, for instance, who should have been qualified for charity care, but they failed to inform her of her charity care eligibility and ended up sending her to debt collection. There's just so many of these stories.

(05:45):

Q: Wow. So the woman from Jackson, how much did she owe? Do you remember?

(05:50):

Haynes: I don't remember the specific number that she owed. I sure don't.

(05:53):

Q: And she's still paying it down today?

(05:55):

Haynes: As of 2021, when she spoke to local media about it.

(06:00):

Q: Okay. Yeah. And she was insured?

(06:03):

Haynes: She was. She was insured through her employer at the time but various providers when she received her treatment saw her, likely some of them out of network with her insurance.

Right. Right.

Now hopefully the No Surprises Act would go a long way towards helping prevent a situation like this as well.

(06:19):

Q: Right. That's the federal No Surprises Act?

(06:22):

Haynes: That's right. Correct.

(06:23):

Q: Got it. Can you talk to us about the legislation that's been passed recently that is supposed to alleviate medical debt on families?

(06:30):

Haynes: Yeah. I'll start with federal legislation, including a couple that have been introduced and I'll leave those to the end. But in terms of federal legislation, there's the No Surprises Act, which as its name suggests is about preventing surprise medical bills. Surprise medical bills happen when you think you are seeing an in-network doctor and you're seen by someone out of network. They often happen in emergency situations as well. You rush to the ER and you're seen by all these anesthesiologists and so forth who are not in network, but you're at an in-network hospital, but you're seen by people out of network. So the No Surprises Act is a federal law that was passed in 2020 and went into effect this year to help minimize those kinds of medical bills. It actually also offers protections around surprise medical bills from air ambulance, which is huge in rural communities for obvious reasons.

(07:23):

Some states have actually (gone) beyond the No Surprises Act and implemented protections for ground ambulances as well because they're not usually covered by insurance. On a state level, Georgia did its own Surprise Bill and Consumer Protection Act as well that's similar to the No Surprises Act. Texas did the same thing in 2019. We have laws that have been passed to protect consumers from really aggressive medical debt collection practices. Some of those practices include seeking liens on people's homes when they are delinquent on a medical bill, garnishing wages and tax refunds and seizing bank accounts, even obtaining civil arrest warrants when people fail to show up to court related to a medical debt.

States like Maryland have passed laws to prevent some of those kinds of aggressive medical debt collection practices, Nevada, New Mexico, and California as well and the last thing I'll mention is that states have also done a great job of passing laws that actually expand eligibility to financial assistance at nonprofit hospitals and even for-profit hospitals in some states. California's done a fantastic job of expanding discounted or free care to patients who are at 350 (percent) of the poverty level, federal poverty level, opening it up to a wide array of people. Connecticut as well, Illinois, New Jersey and these are laws that have been passed in the most recent years so we're talking between 2019 and 2021.

(08:49):

Q: So for the California bill was that 350% below the federal poverty level?

(08:55):

Haynes: That's right. Hospitals have to offer free or discounted care to any uninsured patients who are at or below 350% of the federal poverty level.

(09:04):

Q: Wow. That still seems like there's a lot of people that wouldn't be covered with that.

(09:09):

Haynes: That's exactly it. There are a lot of people that are still left out of that. I think when we talk about charity care and free or discounted care, we're often talking about very low income people and I think that it is very important that we recognize that there are also moderately income folks who still need these protections as well. One thing I've mentioned in just conversations with colleagues is the weakness, the fallibility of looking at only incomes to determine if someone should be eligible for certain kinds of protections. Let's say your income was a hundred thousand (dollars) for instance and yet you have student loan debt of over a hundred thousand. How much income are you really bringing in monthly to be able to put away in savings and actually weather this kind of financial emergency, should it happen to you?

(09:54):

Q: Uh-huh. Great question. So do you want to talk about the legislation that's been proposed?

(09:59):

Haynes: Yeah. So there are a couple pieces of legislation that have been introduced specifically related to COVID-19, but there was the COVID-19 Medical Debt Collection Relief Act that would've temporarily suspended all of the kind of extraordinary collection actions as the ACA refers to them by healthcare providers until the end of the pandemic. Again, we don't really know 'when is the pandemic going to end?' That's always the question, but that particular legislation would've suspended any of these extraordinary collection actions until the end of the pandemic. It would've also suspended repayment plans and created some liability for hospitals and debt collectors that don't comply.

The Medical Debt Relief Act of 2021 similarly would have prevented credit reporting agencies from adding certain debt information related to fully paid or settled medical bills or bills that are less than a year old. Great thing there is that the credit reporting bureaus have voluntarily decided to remove old medical debts that are either fully paid or less than a year old from credit reports. Anyway, now we definitely need codification of what they've already voluntarily decided to do and there are bills that have been introduced to that extent as well that are still there and possibly could be passed in the next session with enough pressure.

(11:15):

Q: So what recommendations did you propose in your report to reduce and alleviate medical debt affecting Black families in particular?

(11:22):

Haynes: Generally strengthening protections against aggressive debt collection is a very important step. I spent a lot of time in the report talking about folks experiencing liens on their homes, wage garnishment. We should not be punishing people for being poor because they can't afford a medical bill by garnishing their wages, threatening their housing stability, protecting patient credit reports, codifying some of those things that the credit reporting bureaus have already voluntarily decided to do related to removing medical debts from credit reports. Credit reports are so important to every way that we move through the United States, through our life here, getting apartments, getting employment and something like medical debt that we have no control over should not harm your ability to find housing or employment. Improving charity care and financial assistance requirements by requiring that hospitals screen folks before they actually bill them, screen them for eligibility for charity care, ensure that the eligibility requirements are kind of more uniform and not allowed to be overly narrow, just, you know, based on location or hospital by hospital and allowing patients to actually sue if they find that a hospital is violating the charity care requirements.

(12:28):

Expanding Medicaid in holdout states – hugely important for all the reasons we've discussed. We cannot solve this crisis, especially in the states that have not expanded Medicaid without getting people insured. First of all, centering medical debt in any kinds of discussions around reparations for racial justice. There are a lot of discussions about how student loan debt cancellation should be part of reparations for racial justice. Medical debt similarly needs to be part of that discussion considering how much it impacts Black families, housing, stability, and wealth building and again, I will mention that the racial wealth and health gap are very intersected and you can't really separate them. Those chronic conditions have a lot to do with systemic racism. Those chronic conditions lead to a lot of medical debt so they really are connected.

Canceling medical debt outright is definitely something that should be on the table, not just for reparations for Black people, but generally, and then I would be remiss without mentioning single-payer universal health care needs to be part of the conversation. A universal publicly funded single-payer system administered at the state and local levels. Other countries do it. We already have it in one form or another in this country through our VA system, for example. It needs to be part of the conversation.

(13:47):

Q: Yes. So talk to us Berneta about how a publicly funded healthcare system that covers everyone for life would help reduce the risk of medical debt for families, especially Black families.

(13:59):

Haynes: Yeah, so I happen to be married to a Navy veteran and I'm always envious of him because he has no worries, essentially, when he goes to seek any sort of health care. No matter how much of an emergency situation it is, I'm like, 'oh, you're not worried about a huge medical bill.?' He's like, 'no, I'll just send it to the VA.' And this is not to say that the VA isn't without its problems, but it is still worlds apart from our privately nonprofit and for-profit hospitals. So enacting a universal publicly funded national payer system should be one that is administered at the state and local levels with some comprehensive lifetime benefits that include dental, vision, mental healthcare, substance use disorder treatment, prescription drug coverage, hospice, and long-term care. The reason why I think this is very important is because medical debt happens because people are not insured more often than not.

(14:49):

As I've noted, those states that did not expand Medicaid see some of the highest rates of medical debt. Getting people covered is absolutely the first step. Is this going to completely improve African Americans' experience with the healthcare system? No, it will definitely help reduce the debt issues, but we're still going to see systemic racism determining the quality of health care that Black Americans receive. We still may see a lot of chronic conditions plaguing the Black community because of our relationship with health care in this country, because of housing quality, pollution in our neighborhoods and things of that nature. But are we going to really solve the medical debt crisis without a single-payer system in place? Probably not. So it has to be part of the solution.

(15:31):

Thank you, Berneta Haynes. ***Do you have a personal story you'd like to share about our 'wack' healthcare system? Contact us through our website at heal-ca.org.***

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