



# Medical Debt Resolution Training Program

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**March 30, 2012**  
**Chicago, Illinois**

**Mark Rukavina, Director**  
**The Access Project**

[rukavina@accessproject.org](mailto:rukavina@accessproject.org)

**(617) 833-9829**





# Training Objectives

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- Provide Background Information on Medical Debt
- Explore Process of Developing Plans to Resolve Medical Debt
- Supply Strategies for Addressing Current Medical Bills
  - Bill Reduction or Elimination
  - Credit Report Repair
- Review of Resource Materials



## By End of Session

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- Gain knowledge to improve your work with clients who have medical debt
- Learn of state and federal programs and protections available to clients
- Identify new tools and materials in Access Project Resource Manual



# The Access Project

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- National health research and advocacy organization supporting local health access improvement efforts
- Mission: work to strengthen community action, promote social change, and improve health, especially for those who are most vulnerable
- Provide technical assistance to local efforts through research, policy analysis, community engagement, and communication services
- Nationally recognized for expertise on issues of health care affordability and medical debt

# Unaffordable Healthcare Costs

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# Cost and Coverage Data

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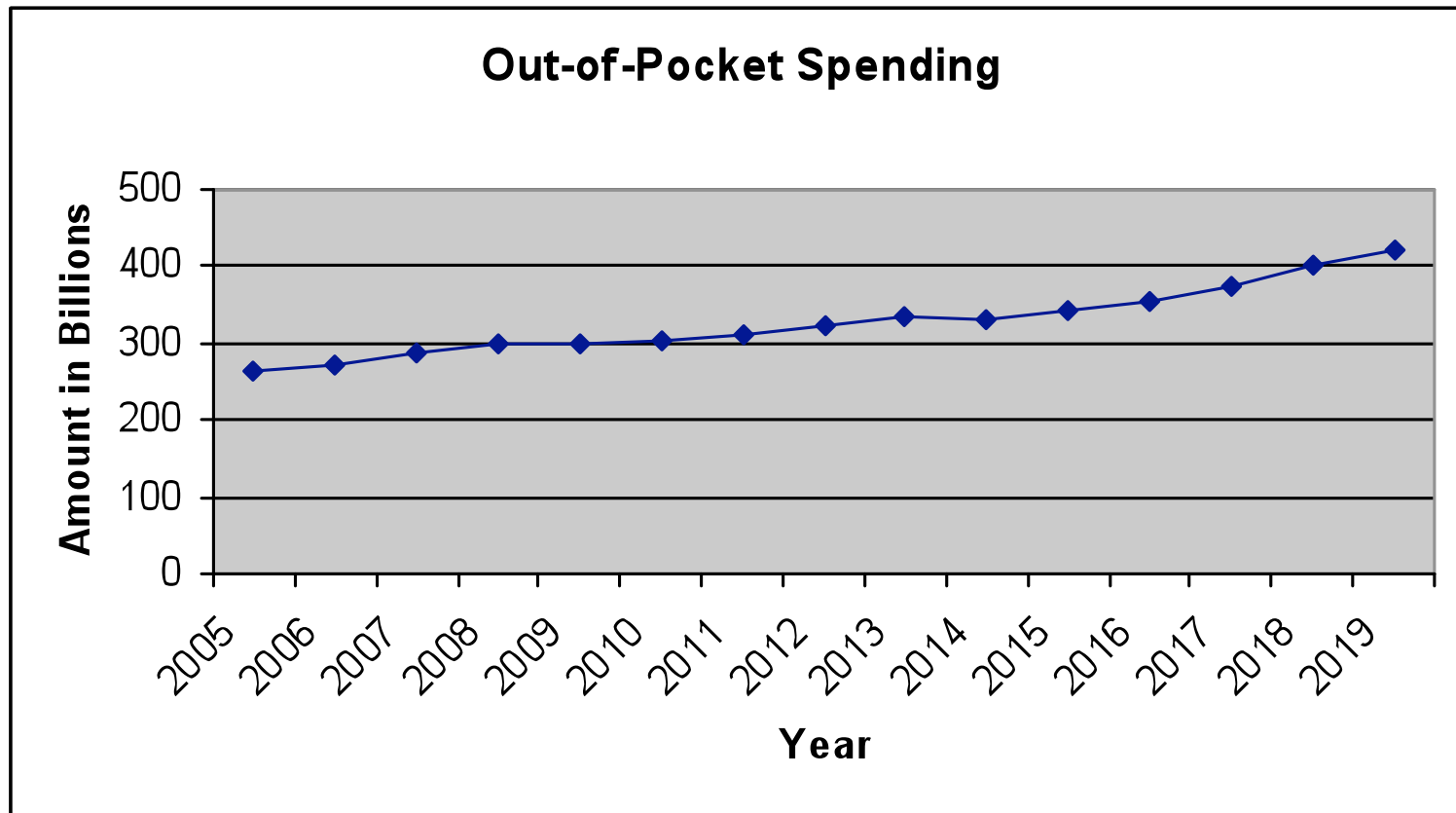
## ○ 2010

- Estimated National Health Expenditures of nearly \$2.6 Trillion
- 17.6% of Gross Domestic Product
- 49.9 Million Uninsured, 16.3%
- Of total expenditures, \$300 billion was paid out of pocket (i.e. deductibles, co-payments, co-insurance)

## ○ 2020 – Projected

- Estimated National Health Expenditures of \$4.64 Trillion
- 19.8% of Gross Domestic Product

# Growth in Out-of-Pocket Expenditures





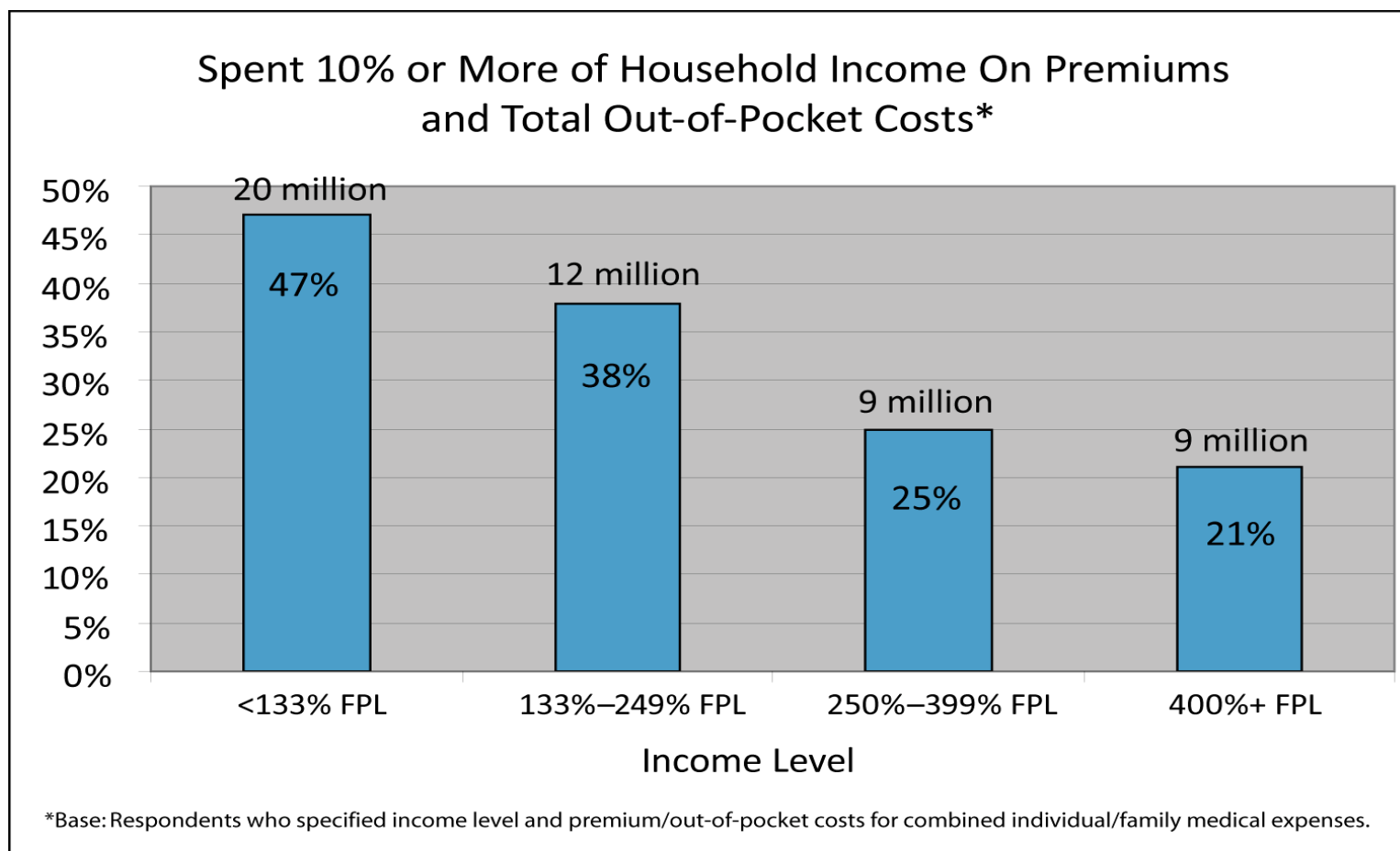
## Per Capita Health Expenses 2010

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- 2010 National Health Expenditures
  - Expenditures per person
    - \$8,402
  - Out-of-pocket expenditures per person
    - \$982



# American Working Age Adults Spending More Than 10% on Health Insurance Premiums and Out-of-Pocket Costs



Source: The Commonwealth Fund Biennial Health Insurance Survey (2010).

# Health Care Costs Unaffordable for American Families

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In 2010, 73 million (40%) working aged American adults experienced medical bill problems

- Problems paying or unable to pay medical bill
- Contacted by a collection agency for unpaid medical bill
- Changed way of life in order to pay medical bill
- Medical bills being paid off over time



Source: The Commonwealth Fund Biennial Health Insurance Survey (2010)



# Medical Debt

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- 44 million American adults (24%) under the age of 65 had medical debt or were paying off medical bills over time in 2010
  - Approximately one-third of those with a gap in coverage during the year had medical debt
  - Nearly half of those with medical debt had bills of less than \$2,000

Source: The Commonwealth Fund Biennial Health Insurance Survey (2010)



# Financial Difficulties Due to Unaffordable Health Care Costs

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- 22 Million Americans unable to pay for basic expenses
  - food, heat, rent
- 17 Million Americans took on credit card debt to pay medical bills

Source: The Commonwealth Fund Biennial Health Insurance Survey (2010)



# For Millions of Americans, Medical Debts are in Excess of Disposable Income

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In 2010, Americans depleted savings and assets to pay off medical bills

- 29 Million Americans used up savings
- 7 Million Americans took out a mortgage against their home or took out a loan
- 4 Million Americans declared bankruptcy due to medical bills

Source: The Commonwealth Fund Biennial Health Insurance Survey (2010)

# Medical Bills Routinely Sent to Collection

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- In 2010, 30 million American adults were contacted by a collection agency for unpaid medical bills

Source: The Commonwealth Fund Biennial Health Insurance Survey (2010)



# Collection Accounts on Credit Reports

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- More than half (52%) of accounts in collection are medical bills



Federal Reserve Bulletin, Summer 2003



## Many Bills Could Be Covered By...

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- **Private Insurance** – Many people never exercise their right to review or appealing private insurance claims
- **Public Programs** – Millions of American children and adults are eligible but not enrolled in government-sponsored health coverage programs
- **Charity Care** – Healthcare providers often have charity care or financial assistance programs but many patients with outstanding medical bills know little or nothing about such assistance
- **Retroactively Qualifying for Public Programs or Charity Care**  
Investigate retroactive coverage for Medicaid, Children's Health Insurance Programs, or institutional charity care





# Questions?

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# Consumer Protections Financial Assistance Policies

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- Illinois Fair Patient Billing Act
- New consumer protections under the Affordable Care Act – charity/financial assistance standards, transparency, billing and collection practices, fees



# Actual Language from Application

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## GENERAL APPLICATION GUIDELINES

- An application, whenever possible, should be submitted and approved before the service is provided.
- It is crucial that Charity Care applicants cooperate with the Medical Center's need for accurate and detailed information within a reasonable time frame. If necessary, information is not legible, or is incomplete, applications may be considered denied or returned to applicant until such time that all crucial information can be obtained.
- The absence of any requested application data would subject that application to management discretion and possible denial.



## General Application Guidelines (continued)

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- Documentation showing assistance from State or Federal Programs (i.e. Link Card, Township Assistance Program, Section 8 Housing or any other programs) would be considered a complete application without other documentation required.
- Once charity care status is determined, it will be applied to all open accounts and will be valid for a period of 6 months from date of determination and retroactively.



# Actual Language from Application

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## **COMMITMENT TO THE 100% FINANCIALLY QUALIFIED CHARITY CARE PATIENT:**

- The Medical Center will seek no payment through administrative, third party or court proceedings from those patients that qualify for a 100% discount.
- The Medical Center will not:
  - Place a lien, force the sale or foreclosure of a financially qualified charity care patient's primary residence to pay for an outstanding medical bill or include the primary residence in the asset calculation, unless the equity of the property clearly indicates an ability to assume the financial obligation and is subject to senior management's prior approval.
  - Pursue collection action in court against a financially qualified charity care patient who has clearly demonstrated that he or she does not have sufficient income or assets to meet any part of their financial obligation to the Medical Center.
  - Use forced court appearance to require the financially qualified charity care patient or responsible party to appear in court.
  - Garnish wages for the financially qualified charity care patient.



## Commitment To The 100% Financially Qualified Charity Care Patient (continued)

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- Once charity care status is determined, it will be applied retroactively to all qualifying accounts.
- For at least 70 days after an uninsured patient's discharge, the Medical Center will not file a lawsuit to collect payment on patient's bill.

# Recent Letter to CWF Client

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Swedish Covenant Hospital  
The science of feeling better

02/29/12

Thank you for choosing Swedish Covenant Hospital for your recent services. We appreciate that you took the time to complete our Financial Assistance Application.

In reviewing your application, we are pleased to inform you that you have been approved for a 100% free care discount for the above listed account. Our determination was based upon State of Illinois and Swedish Covenant Hospital charity care guidelines.

If you have any questions regarding this matter, please contact Customer Service in the Credit Services Department at (773) 989-3841. Our business hours are 8:30 AM TO 5:00 PM Monday through Friday.

Sincerely,

  
Credit Services Department  
Swedish Covenant Hospital

# Medical Bills in Collection

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## Inconsistent Reporting of Medical Accounts

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- Medical accounts, according to Experian, reported directly by medical businesses account for 7/100<sup>th</sup> of one percent of their data on credit reports
- TransUnion states that medical debts are not typically reported unless they become delinquent and are assigned to collections



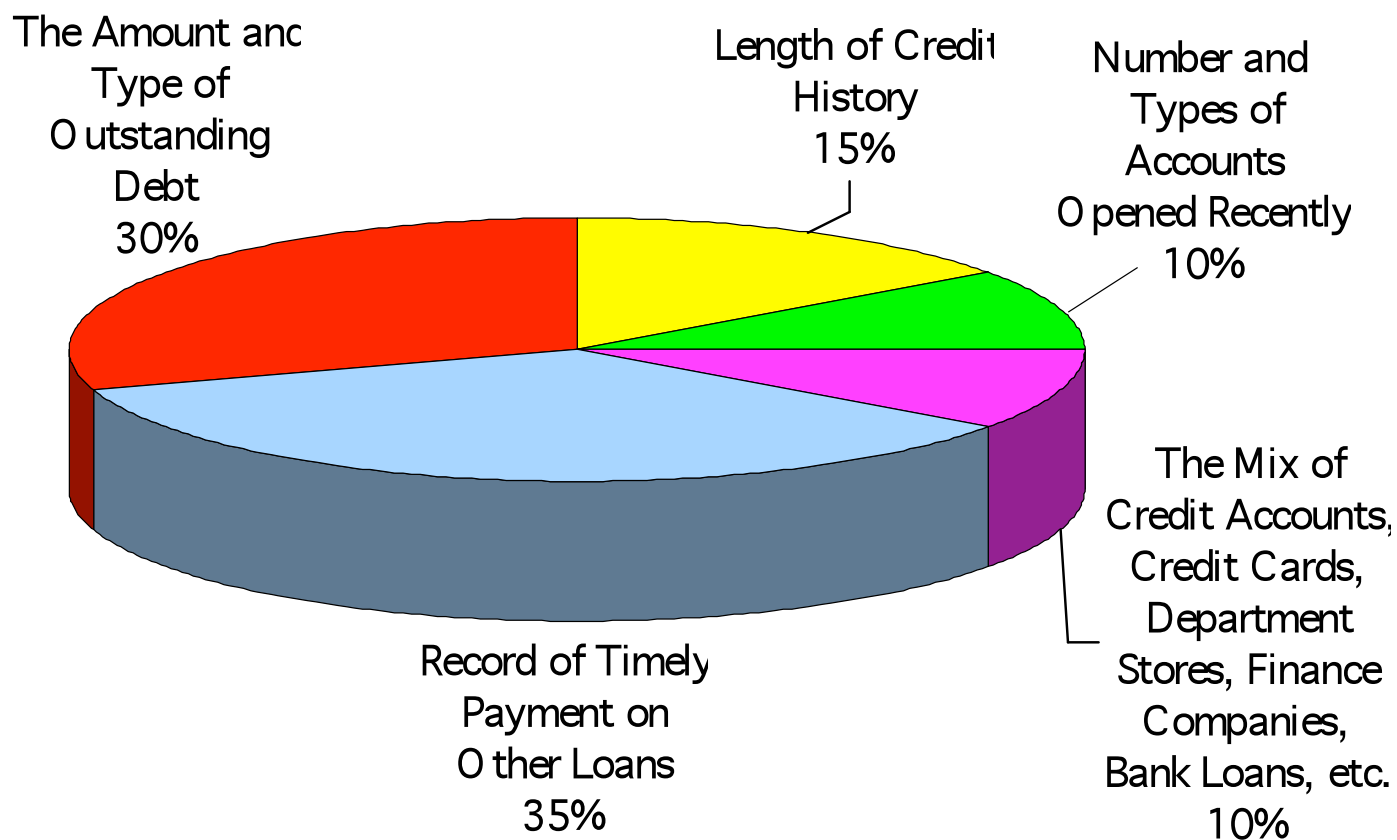
# Collection Accounts on Credit Reports

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- Collection Accounts are reported in credit history section of a report
- Collection Accounts are major derogatory accounts
- Collection Accounts lower credit scores
- Lowered scores increase the cost of credit

# How Important Are Collection Accounts?

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## Medical Collections and Disproportionate Effect on FICO Score

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- The effect on a credit score can vary, but for any medical collection — paid or unpaid — “a person with a FICO score of 680 will see their score drop between 45 and 65 points. Someone with a FICO score of 780 will see their score drop between 105-125 points,” according to a spokesman for FICO



## Is It Appropriate to Report Medical Bills on Credit Reports?

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- One out of five medical claims is processed inaccurately by health insurers, according to an American Medical Association survey
- Nearly one in three Americans let a medical bill go to collection because they did not understand the bill or explanation of benefits statement, according to an Intuit Health Survey

REF:1	0000 02/16/2009	TID	1 02/16/2009 11:46:33
CREDCO Instant Merge Credit Report		ACCT:	
Prepared for:	10	Notes:	18
Requested: EFX, XPN, TUC - 1		Delivered:	EFX, XPN, TUC
App:		Age:	1
Curr Addr:			

\*\*\*\*\* DEROGATORY ITEMS \*\*\*\*\*

Public Record Information:

No Public Record Information found

Account Name/Number (Sources)						Past due				MR	Last
Open	High	Payment	Balance	MOP	Status	Rptd	30	60	90+	MD	MxDlg

Tradeline Information:

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1. COLLECTION COMPANY OF/303 (BFX-          *,XPN*,TUC*)
I 07-04      75      N/A      CLOSED Y-9  COLL/P&L 04-07  -  -  -  1
Hist: 04-07 9
Ctgy: COLLECTION                                CLSD 04-07 APP
CN: MEDICAL PAYMENT DATA                        Term: REV
PAID
MEDICAL
ACCT SUBMITTED TO COLLECTION COLL 04-07
CHARGE OFF; PAID CHRG 04-07 PAID 04-07
ACCT SUBMITTED TO COLLECTION; PAID COLL 04-07

```

\*\*\*\*\* END OF DEROGATORY ITEMS \*\*\*\*\*

Account Name/Number (Sources)								Past due			MR	Last
Open	High	Payment	Balance	MOP	Status	Rntd	30	60	90+	MD	MxDlt	

Tradeline Information:

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2.  WELLS FARGO HM MORTGAG,          (EFX-24          ),XPN,TUC) Decode 16
I 03-03      131848      1174      120879 M-1 CURRENT 02-09 00 00 00 71
Hist: 02-09 11111111111111111111111111111111 PYMT 02-09 APP
Ctgy: REAL ESTATE MORTGAGE                      Term: 360 MON
REAL ESTATE MORTGAGE
FHA MORTGAGE

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3. TOYOTA MOTOR CREDIT CO,          (EFX-1          ,XPN,TUC) Decode 13
I 07-08      23398      487      1985 I-1 CURRENT 01-09 00 00 00 6
Hist: 01-09 111111          PYMT 01-09 APP
Ctgy: AUTO          Term: 48 MON
AUTO LOAN
LEASE

```



## Credit Score with Medical Debt Removed

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This is a calculation performed by Credit Xpert. It shows you what the client's current credit score is, how many points its impacted if the medical collection debt is paid or settled, then the new credit score to follow.

	EFX	XPN	TU
Current Scores	712	703	712
Deletion of Medical Collection/s	82	84	56
Equals New Score	794	787	768

# Medical Debt and Asset Building

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# Many Medical Collection Accounts Could Be Addressed By...

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- **Correcting Credit Report Data** – Many credit reports contain accounts sent to collection in error or are duplicate listings for the same account
- **Removing Fully Paid or Settled Accounts** – Many people believe that paying off collection accounts will increase a credit score; they must be removed from a report in order for a score to improve



# Federal Legislation

## Medical Accounts on Credit Reports

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- The Medical Debt Responsibility Act HR 2086/S 2149 requires the removal of fully paid or settled accounts within 45 days of achieving a zero balance due.



# For more information

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