

FREQUENTLY ASKED QUESTIONS

Medical Debt Relief For Orange County

What is the problem this program is addressing?

Many patients with medical debt are uninsured or underinsured and are experiencing financial hardship. Communities of color are especially burdened by un-payable medical debt. Black and brown communities have been disproportionately impacted both financially and medically by COVID-19. Medical debts impose psychological and financial burdens and often deter people from seeking the health care services they need which often leads to more expensive ER visits when one's condition worsens. In some circumstances, financially vulnerable people with medical debt feel lasting impacts due to reduced credit scores, wage garnishment, and property liens. This debt relief program will potentially help tens of thousands of Orange County residents obtain financial stability, improve their health equity, and reduce stress. Debt relief in partnership with local government also brings important attention to this national crisis and can sharpen policy-based responses.

What is the role of Orange County's nonprofit partner, Undue Medical Debt?

Orange County is partnering with Undue Medical Debt (www.unduemedicaldebt.org), a national, independent 501(c)(3) charitable organization. Undue will be contacting hospitals and health systems serving Orange County to purchase their portfolios of bad medical debt, allowing the program to cancel debts for Orange County residents who qualify based on the specified criteria. They will also look for the bad debts of Orange County residents on the secondary market (these are debts that may have been already sold to for-profit debt buyers). The benefits of the Medical Debt Relief program for patients, communities, and the hospitals themselves will be communicated during these interactions ([see: https://unduemedicaldebt.org/healthcare-provider-partnerships/](https://unduemedicaldebt.org/healthcare-provider-partnerships/)).

Undue will also notify each qualifying patient that their specific medical debt (that Undue has been able to acquire) has been canceled, and that the debt cancelation does not lead to income tax liabilities for program recipients.

Undue will share reports with Orange County regarding program progress and success throughout the two-year program duration.

What are the qualifications of Undue Medical Debt to perform this relief on behalf of the County?

Undue Medical Debt (AKA RIP Medical Debt) has relieved over \$12 billion of medical debt for nearly 8 million families across the United States, working with over 200 health care systems of various sizes as well as for-profit debt buyers to purchase and relieve these debts. It is a nonprofit, mission driven organization that was started by two former debt buyers who understood the debt buying marketing and decided to use their expertise and knowledge for good. The organization and its leaders have received several awards in the areas of health care, nonprofit and philanthropic leadership. They are in contractual relationships with over 20 local and state governments, including Cook County, Toledo, New Orleans and the States of Arizona and New Jersey.

How do people apply for this program?

There is no way for an individual resident to apply for this program. [Undue Medical Debt](#) (Undue) performs an analysis of hospital debt portfolios and identifies qualifying accounts. The criteria to qualify are either their income level must be 400% or less of the Federal Poverty Line (FPL) or the debt is 5% or more than their annual income. All accounts within a portfolio that qualify (typically a significant percentage of accounts) will have their debt canceled and will be notified without their having to take any action.

How will people be notified?

Undue Medical Debt will notify program recipients by mail if specific medical debts have been acquired and canceled under this program. Program recipient letters will be signed by Orange County and Undue Medical Debt. (Sample Letter attached)

What are the eligibility criteria for the program?

To be eligible for medical debt relief, the program recipients must be:

- residents of Orange County and
- have incomes up to 400% of current Federal Poverty Guidelines (FPG), or
- have a medical debt that is 5% or more of their estimated household annual income.

Undue Medical Debt must be able to access these debts through agreements with the health care providers or secondary market debt owner for cancelation purposes.

What hospitals will Orange County partner with for its Medical Debt Relief?

Any hospital serving residents of Orange County can partner with Undue Medical Debt to support debt relief. The two largest regional hospitals, Orlando Health and Advent Health, have both signaled their willingness to participate in this initiative.

What is the role of hospitals in Medical Debt Relief?

Participating hospitals will enter into a Business Associate Agreement and a Non-Disclosure Agreement with Undue Medical Debt to protect the confidentiality of patient health information and other aspects of the transactions. The hospitals will send account data files to Undue Medical Debt for analysis. Once accounts for qualifying individuals have been identified, hospitals will make decisions on selling and/or donating accounts to Undue Medical Debt. Some hospitals may decide to make their participation public. Others may keep their participation confidential. Either way, patients will be notified of their debt relief.

How will Orange County get buy-in from hospitals to participate?

Professionals from Undue Medical Debt will have discussions with hospitals and health systems about the benefits of the program to patients, communities, and to the hospitals. Hospital organizations across the United States have already recognized these benefits, have completed transactions with Undue Medical Debt and will provide references upon request.

What happens to the other medical debt that a resident may have if they did not engage with the two large hospital chains?

Medical debt outside the two large hospital chains, ambulance services, clinics etc. would be considered if there were available funds to purchase debt after exhausting the eligible cases from the hospitals and if those other types of providers were willing to sell that debt at a discounted rate. Because the Undue Medical Debt model is driven by the source of the debt, not the individual, we may not remove all medical debts a resident owes.

How will this program impact hospitals' finances?

The Medical Debt Relief program will focus on patient accounts that are anywhere from 12 months to 5+ years old (measured from the date services were provided) and after the billing and collections process have been completed. Importantly - even though collections activities may have stopped - the medical debts remain outstanding and continue to have negative economic and health impacts on Orange County residents. Overall, the impact on hospitals' finances will be positive, but minimal, if they sell medical debt to Undue for cancellation.

What agreements will hospitals make to participate?

Agreements will include:

- Business Associates Agreement
- Non-Disclosure Agreement
- Purchase or Donation Agreement (which specifies transaction terms and responsibilities for removing any adverse credit information that applies to the accounts)

What information will hospitals have to share?

Hospitals will need to share patient account data files, following specifications as provided by Undue. The data includes patient demographic information, insurance status and payer, dates of service, balances still owed, and other information that identifies which individuals qualify for debt cancellation and which do not. All of the data sharing is HIPPA compliant.

How will purchase prices for qualifying medical debt be established?

Undue Medical Debt offers a standard pricing model that proxies the fair market value of medical debt. Prices vary based on the age of the accounts. Older accounts are priced lower. While Undue does not negotiate the debt of individual residents, large portfolios of qualified medical debt will be purchased for pennies on the dollar of the debt's face value. For example, a \$1,000 debt is typically purchased for \$10 or less. Nonetheless, if we see that a hospital has inappropriately overcharged patients, we will require that a discount be applied prior to a purchase.

How is a constituent's credit impacted after the debt is abolished?

Generally, when a debt is relieved, it can positively impact credit. In some cases, health care providers and collection entities do not report to credit agencies; in those cases, there would not have been a negative impact on credit in need of removal. Undue's contract with debt sources requires the removal of credit blemishes associated with the debt being abolished.

Does Undue purchase debt directly from debt collection agencies?

Yes, Undue purchases and erases debt from third-party debt collectors after it has been sold by hospitals. However, hospitals and other health care providers typically deploy collection practices through third-party vendors but still own the debt, which is why it is important for Undue to purchase the debt from healthcare providers. By purchasing the debt, we ensure there will be no other collection attempts. When the debt burden is removed residents / patients are more willing to go back to the hospital and get the medical care they need.

What is the difference between debt collectors and debt buyers?

Many hospitals outsource their debt collection to external vendors; however, they maintain ownership of the debt. In some instances, hospitals may choose to sell their debt outright to debt collection vendors but in most cases, hospitals maintain ownership but use outsourced vendors to “work the debt” and keep a percentage of what is collected. Undue purchases debt both directly from health care providers and debt buyers. In either scenario the debt is purchased at a discounted rate.

How is it decided which residents’ medical debt will be paid? What if the funding runs out?

All residents / patients in Orange County who have debt in the medical debt portfolios we are purchasing and meet our criteria will have their debt/s relieved. If the funding is insufficient, Undue Medical Debt will discuss options for additional funding, including private fundraising options, with the County government.

Is this program exclusively focused on medical debt resulting from COVID-19?

The funding being used was designed to help communities recover from the economic impacts of COVID-19. Debt relief meets that criterion.