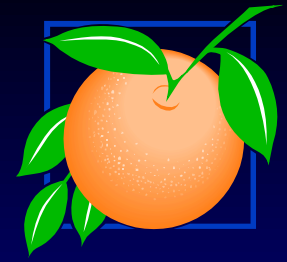


Board of County Commissioners

Medical Debt Relief Update

**Orange County Community & Family
Services Department**

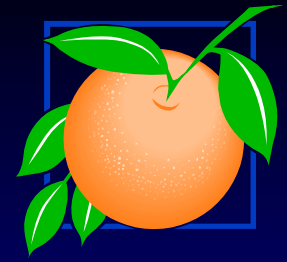
August 13, 2024



Medical Debt Relief

- Background
- Implementation
- Undue Medical Debt
- Frequently Asked Questions
- Requested Action

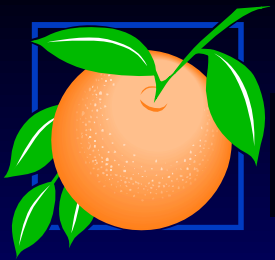




Medical Debt Relief

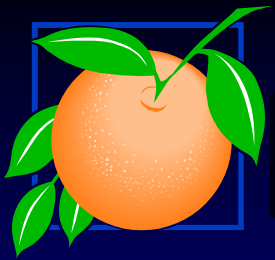
- **Background**
- **Implementation**
- **Undue Medical Debt**
- **Frequently Asked Questions**
- **Requested Action**





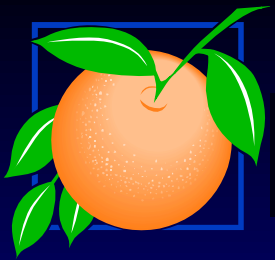
Background

- **In September 2023, staff was directed to conduct research on other jurisdictions utilizing ARPA funding to abolish medical debt after residents and local advocates brought this issue to the attention of the Board during public comment.**
- **On January 10, 2024, staff presented a feasibility review of adopting a medical debt relief initiative to the Board.**
- **On February 20, 2024, the Board allocated \$4.5M from Federal ARPA funds to help relieve medical debt for Orange County residents.**



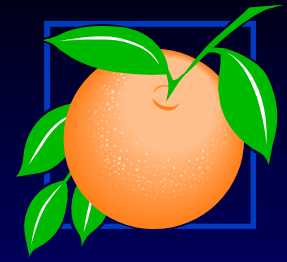
Background

- **On June 18, 2024, the Board postponed action on a medical debt relief subrecipient agreement to gather additional information on the implementation process.**
- **The agreement provides a federal subaward not to exceed \$4,500,000 for the purpose of medical debt relief, funded by the U.S. Department of the Treasury under the American Rescue Plan Act (ARPA).**
- **The subrecipient agreement will be effective from the date fully executed by both parties, ending on September 30, 2026.**



Background

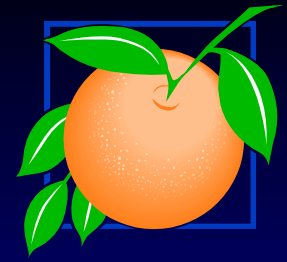
- **Expected to abolish \$424 million in unpaid medical bills, benefiting over 154,000 residents.**
- **Ease financial burdens, helping residents to better manage their health and overall well-being.**



Medical Debt Relief

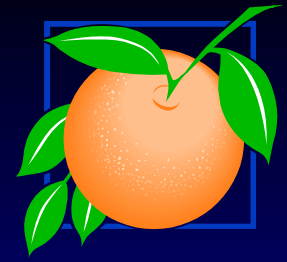
- Background
- **Implementation**
- Undue Medical Debt
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Implementation

- **To implement this initiative, we will be contracting with a third-party vendor, Undue Medical Debt.**
- **To qualify, one must live in Orange County and have an income below 400% of the Federal Poverty Level (FPL) or have medical debt that exceeds 5% of one's annual income.**



Implementation

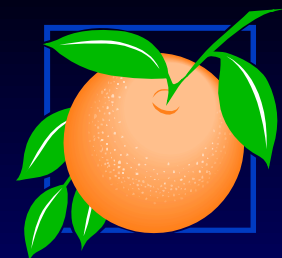
The subrecipient agreement with Undue Medical Debt outlines the terms and conditions.

- **Budget**
- **Progress Reporting**
- **Payment Terms**
- **Monitoring Requirements**
- **Audit Requirements**



Implementation

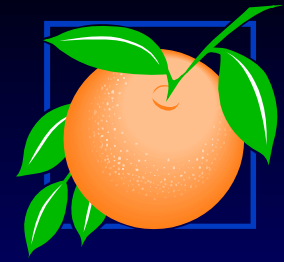
Fiscal Year (October 1st to September 30th)	10/01/23 - 9/30/24			10/01/24 - 09/30/26				09/30/26 - 12/31/26
Activity	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
BCC Approval of ARPA funds for Medical Debt Relief	Orange							
Contract Negotiations	Light Purple	Light Purple						
Undue Medical Debt Starts Project			Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
Project Monitoring by CFSD			Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue
Close Out Initiatives								Purple



Medical Debt Relief

- Background
- Implementation
- **Undue Medical Debt**
- Frequently Asked Questions
- Requested Action

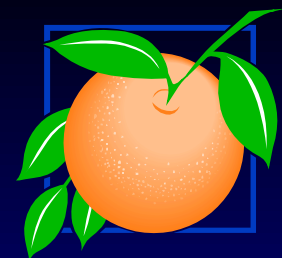




Undue Medical Debt

- **A national, independent 501(c)(3) charitable organization founded in 2014.**
- **A partner organization that works with hospitals and other medical providers to acquire qualifying medical debts.**
- **Works to abolish these debts, ensuring that affected residents are no longer responsible for paying them.**

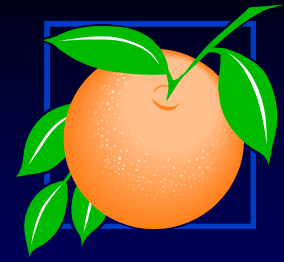




Undue Medical Debt



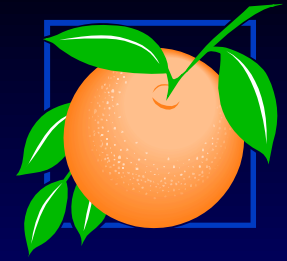
- **Has relieved over \$13 billion of medical debt for nearly 8 million families across the United States, working with over 200 health care systems of various sizes as well as for-profit debt buyers to purchase and relieve these debts.**
- **Has worked with 20 local and state governments, including Cook County, Toledo, New Orleans and the States of Arizona and New Jersey.**



Undue Medical Debt



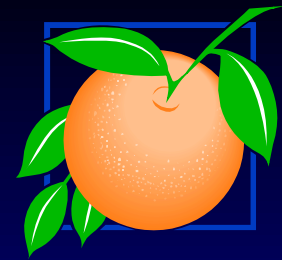
- **Medical debt relief helps residents by canceling unpaid medical bills that they cannot afford to pay.**
- **This program is designed to alleviate financial stress for those struggling with medical expenses.**
- **This program targets financially vulnerable communities, including those disproportionately impacted by COVID-19.**



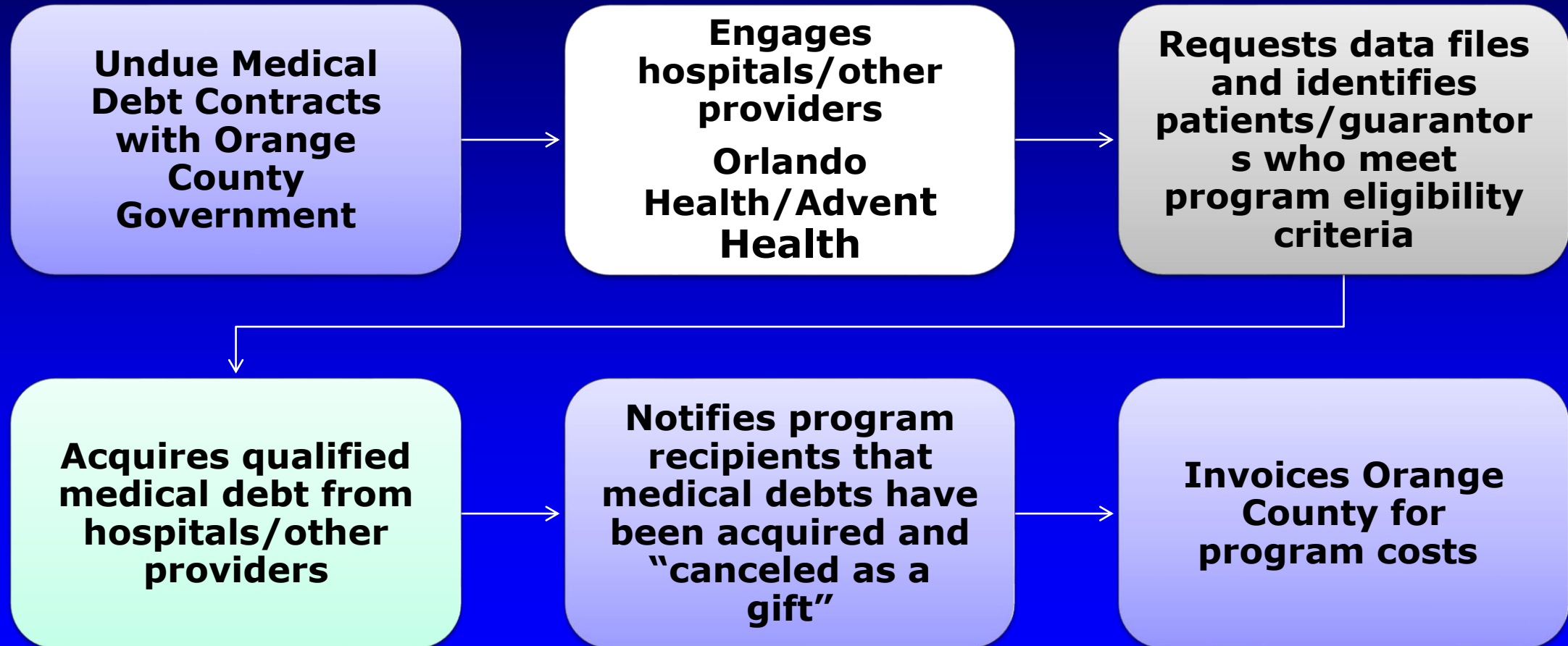
Undue Medical Debt

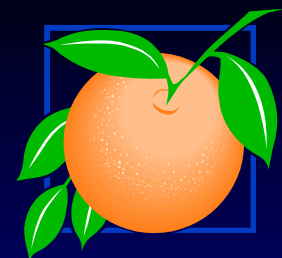
- **Uses ARPA funds to buy and forgive medical debts from hospitals and healthcare providers.**
- **Eligible residents receive a notification that their medical debt has been canceled.**





Undue Medical Debt

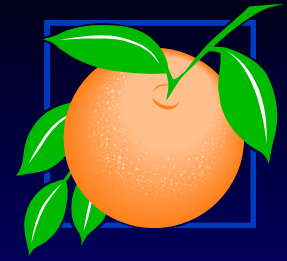




Medical Debt Relief

- Background
- Implementation
- Undue Medical Debt
- **Frequently Asked Questions**
- Requested Action



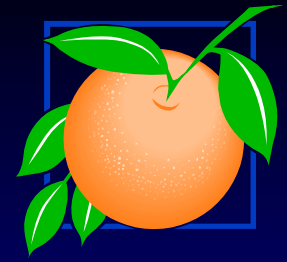


Frequently Asked Questions (Qualification)

How do people apply for this program?



- **Residents cannot apply. Eligible debts are automatically identified through partnerships with hospitals and healthcare providers.**

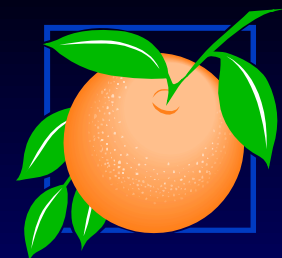


Frequently Asked Questions (Qualification)

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



- **All residents in Orange County who have debt (s) in the medical debt portfolios being purchased and meet criteria will have their debts relieved.**
- **If the funding is insufficient, Undue Medical Debt will discuss options for additional funding, including private fundraising options, with the County government.**

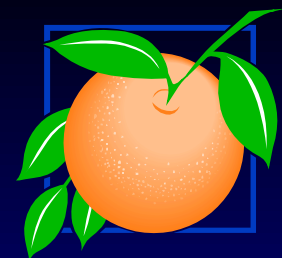


Frequently Asked Questions (Hospitals)

What is the age of debt in purchased debt portfolios?

- **Undue purchases debt up to 7 years old. The percentage of debt in each age range varies in each portfolio.**
- **It may take up to 18 months for insurance companies and health care providers to settle payment at which point the out-of-pocket costs to the individual become clear.**



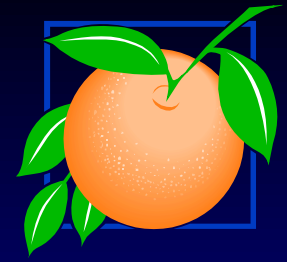


Frequently Asked Questions

What is the percentage of COVID related debt in purchases portfolios?

- **Undue does not analyze the debt relief based on illness and would not know how much of the debt is the result of COVID related illness.**



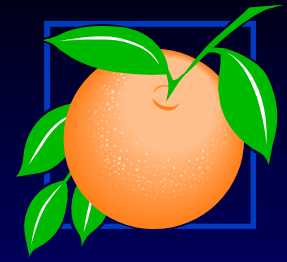


Frequently Asked Questions (Credit Score)

Will credit scores improve?

- **If the debt was reported to the credit agencies it will be removed and will have a positive impact on credit (Note: not all medical debt is reported to credit agencies)**
- **Participating hospitals are required to erase debt as part of the debt abolishment agreement with Undue.**
- **As a result of this blemish removal there may be a bump in credit scores although other types of debt incurred may not have been relieved.**



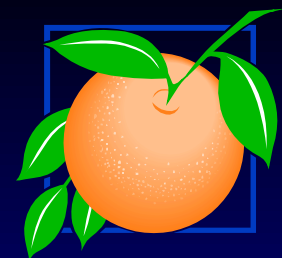


Frequently Asked Questions (Hospitals)

Is the Medical Debt Relief Initiative a bailout of hospitals?

- **No, hospitals sell or donate debt to Undue Medical Debt, improving patient financial stability.**
- **There is minimal financial impact on hospitals due to the age of the debts involved.**



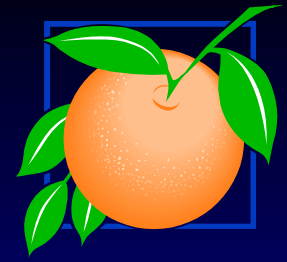


Frequently Asked Questions (Hospitals)

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.**
- **A \$1,000 debt is typically purchased for \$10 or less. If we see that a hospital has inadvertently overcharged patients, we will require that a discount be applied prior to a purchase.**



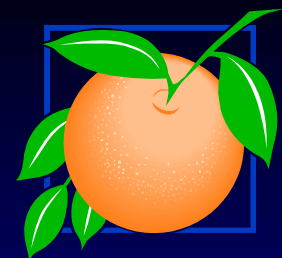


Frequently Asked Questions (Hospitals)

Are all healthcare providers participating in this program?

- **The program works with specific hospitals and healthcare providers that have agreed to participate.**
- **Not all providers may be involved, so it depends on where the debt originated.**



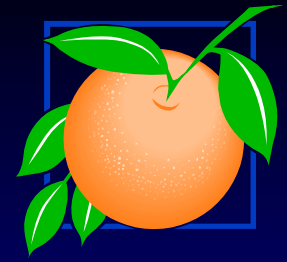


Frequently Asked Questions (Hospitals)

What happens to the other medical debt that a resident may have if they did not have debt 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.**



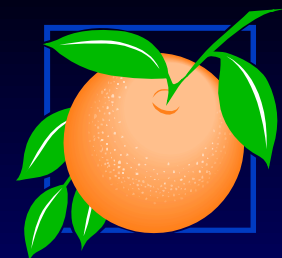


Frequently Asked Questions (Collections)

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.**
- **Undue purchases debt both directly from health care providers and debt buyers. In either scenario the debt is purchased at a discounted rate.**

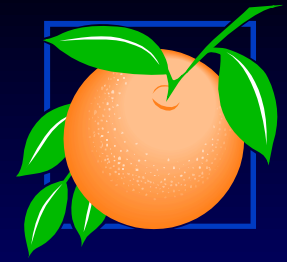


Frequently Asked Questions (Collections)

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.**
- **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.**

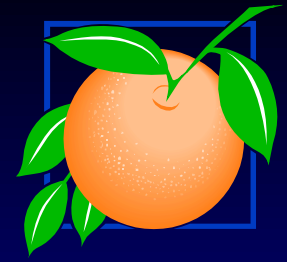


Frequently Asked Questions (Notification)

How does a resident know that their debt has been forgiven?



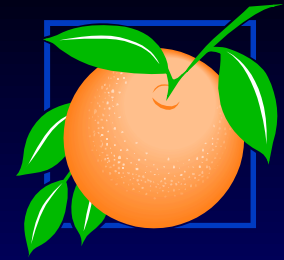
- **Residents will receive a notification letter from Orange County/Undue Medical Debt, informing them that their debt has been abolished and will no longer be pursued by debt collectors.**



Medical Debt Relief

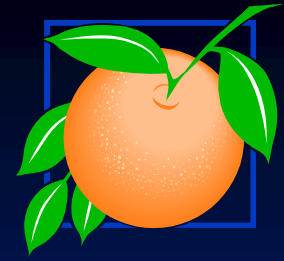
- Background
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Requested Action

- **Approval of Federal Subrecipient Agreement (#Y24-2225) between Orange County, Florida and Medical Debt Resolution, Inc. doing business as Undue Medical Debt for a federal subaward of an amount not to exceed \$4,500,000.00 from a federal award issued by the U.S. Department of the Treasury for the specific purpose of Providing funding for medical debt relief and authorization for the Procurement Division Manager or designee to execute such Federal Subrecipient Agreement and any necessary modifications, amendments, and extensions.**



Board of County Commissioners

Medical Debt Relief Update

**Orange County Community & Family
Services Department**

August 13, 2024