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Testimony in Support of House Bill 3076

**Submitted by Jenifer Bosco, Attorney
National Consumer Law Center**

April 29, 2019

Dear Chair Holvey and Members of the House Committee on Rules:

Thank you for the opportunity to provide this testimony in support of HB3076.

I am an attorney at the National Consumer Law Center, where I advocate for low-income consumers regarding medical debt and other issues. Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, and training. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness.

Medical debt is one of the most prevalent types of consumer debt. 13% of Oregon residents in predominantly white zip codes have one or more medical debts in collection on their credit reports, increasing to 15% for residents of predominantly non-white zip codes.¹ Among U.S. consumers, 52% of collection items on credit reports are for medical debts.² Medical debt is correlated with the use of payday loans and is frequently cited as a leading cause of bankruptcy filings.³

Medical debt is different from many other types of consumer debt—people do not plan to get sick or get hurt, and health care services are not only necessary, but can be a matter of life or death. Also, medical bills often end up in collections because of insurance or billing disputes, or other problems that arise from having a third party payor involved in the payment of bills. In many cases, high medical bills are simply unaffordable for low-income and moderate-income families.

The consumer protections in HB3076 could help reduce burdensome medical debt. The Act would require that non-profit hospitals provide financial assistance to patients with household income between 0% - 400% of the Federal Poverty Limit (FPL). As an example, the requirements of the Act would provide some level of assistance a family of four with an income of up to \$103,000 in 2019. This income range mirrors the upper range of 400% FPL adopted in the Affordable Care Act to determine eligibility for subsidies to purchase insurance through the health insurance marketplaces. Hospitals across the country have voluntarily adopted similar or higher income thresholds to determine eligibility for financial assistance.⁴ Families in low-income and moderate-income households struggle with medical debt and could be spared bankruptcy or impoverishment through financial assistance. The need is great, particularly in several populous Oregon counties where the living wage needed to meet only basic living expenses of a family of four exceeded \$80,000 in 2017, leaving little financial cushion to save for large medical expenses or anything else.⁵

Thank you for your efforts to help lift the burden of medical debt.

Sincerely,

Jenifer Bosco, NCLC Attorney
On behalf of our low-income clients

¹ Oregon data from Urban Institute, *Debt in America: An Interactive Map* (Dec. 6, 2017), available at: apps.urban.org/features/debt-interactive-map.

² Consumer Financial Protection Bureau, *Consumer Credit Reports: A Study of Medical and Non-Medical Collections* (Dec. 2014), at https://files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf.

³ David U. Himmelstein MD, Robert M. Lawless JD, Deborah Thorne PhD, Pamela Foohey JD, and Steffie Woolhandler MD, MPH, *Medical Bankruptcy: Still Common Despite the Affordable Care Act*, 109 *American Journal of Public Health (AJPH)* 431 (March 2019), at <https://ajph.aphapublications.org/doi/10.2105/AJPH.2018.304901>.

⁴ For example, hospitals within the UMass Memorial Massachusetts Health Care system provide financial assistance for patients with income below 600% FPL. UMass Memorial Health Care Financial Assistance Policy- Plain Language Summary, at <https://www.umassmemorialhealthcare.org/sites/umass-memorial-hospital/files/Documents/About/FAP%20plain%20language%20summary%20docx.pdf>.

⁵ State of Oregon Employment Dept., *Living to Work? Or Working to Live? Exploring Living Wages in Oregon* (September 4, 2018) at <https://www.qualityinfo.org/-/living-to-work-or-working-to-live-exploring-living-wages-in-oregon>.