ICIRR ILLINOIS COALITION FOR IMMIGRANT AND REFUGEE RIGHTS

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CRISIS IN THE SHADOWS: MEDICAL DEBT IN ILLINOIS

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Executive Summary

New research further confirms the growing pool of data showing the devastating impact of medical debt across this nation, with particular and disproportionate impact on low-income immigrant and Black populations. Many uninsured patients qualify for some form of financial assistance, but the onus falls on individual patients to be familiar with what they are eligible for and to navigate what is often a complex application process. However, if uninsured patients are proactively screened for the universe of coverage and financial assistance options, many would likely qualify, protecting them from the harms of medical debt and, in many cases, providing healthcare entities with important reimbursement streams for care provided.

Following the lead of several states, Illinois advocates are educating policymakers on the benefits of hospital screening as a solution to prevent medical debt for patients. In addition to screening for financial assistance, advocates are discussing the mutual benefit to patients and hospitals when hospitals refer to patients who may be eligible for public health insurance to organizations who can assist the patient with the application process. These solutions reduce the burden on patients in navigating complex systems at what is often one of the most difficult points in their lives. Likewise, screening can identify when there are health coverage options for patients, benefiting the screening hospitals.

Introduction

Medical debt in this country is a growing crisis, the scope and impact of which are increasingly well-documented. Medical debt can devastate an entire household, not just the individual with the debt. Several new research reports and news articles illustrate the impact of medical debt and illustrate painfully just how harmful it can be to individuals and families[1]. Anyone in this country, regardless of where they live, what their income level is, or their immigration status can end up with significant medical debt. Millions of us live with the stress that debt brings, the fear that we cannot afford future medical care if we need it, the damage to our credit, and risk of payment plans we cannot afford–all for care that we had no choice but to seek. Even more concerning, in Illinois medical debt is disproportionately impacting individuals and communities of color. A new report by the Urban Institute illustrates that the Illinois counties with the greatest number of individuals with medical debt are counties with higher numbers of Black and immigrant residents[2]. This report documents what health care advocates have long seen in Illinois when working with communities who bear this impact. Stories like that of "Ms. Alma," an older adult from the Little Village neighborhood of Chicago, are not uncommon.

1 Blakemore, "Americans."; Brodie et al., "Health."; Levey, "Some."; CFPB, "Medical."

2 Braga et al., "Debt."

Ms. Alma is 69 years old, low-income, and was uninsured in the fall of 2022 when she was hit by a car and transported to a hospital in Chicago. The accident left her with significant impairments and she is no longer able to work. She is struggling with debt from the care received and until she was connected with advocates, had no idea that there are financial assistance options for her. She came to advocates deeply afraid of what could happen to her because she cannot afford to pay. Her current stress level has impacted her ongoing health, including her recent diabetes diagnosis.

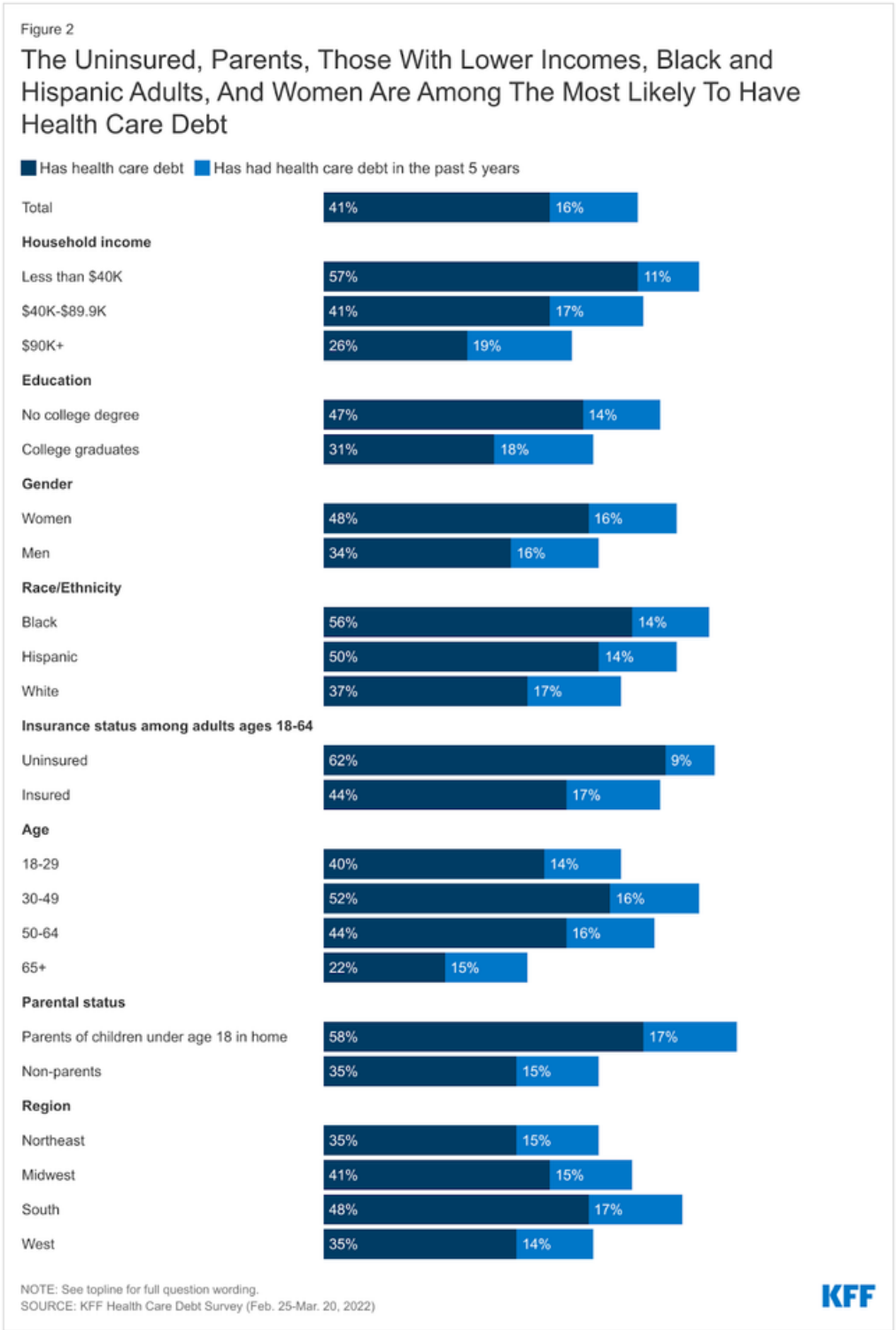
Medical Debt and Health Equity

Medical debt is disproportionately carried by Black, Latino, and immigrant families who are forced to make difficult financial decisions choosing between seeking needed healthcare and paying for their daily needs--food, shelter, heat. A recent survey conducted by community health workers indicated that nearly 65% of immigrants were concerned about how they were going to pay a hospital bill.[3] Families are depleting their savings, borrowing from other family members, or forgoing basic necessities to pay off their debt, often entirely unaware and never having been affirmatively screened for coverage or financial assistance options.[4] Unpaid medical debt is the start of a downward spiral of events for many affected families. Bills and calls from collectors cause enormous stress that affect job performance, family dynamics, and mental health. Unpaid collection notices can be reported to credit agencies, which can impact a family's ability to find housing and get a loan among other challenges. (Many Illinois hospital policies on credit reporting, collections policies, and care denial with outstanding debt can be found here.[5])

Medical debt is importantly different from consumer debt. Care cannot be budgeted for because it is unpredictable. It cannot be foregone like an expensive consumer good, nor meaningfully price-shopped because of transparency issues and overall high cost. These realities are exacerbated by lack of knowledge about health coverage options and financial assistance and the burden we place on patients to access them.[6] While Illinois law requires hospitals to have financial assistance information on their website and on bills, these passive engagements still leave patients with the bulk of responsibility to understand their options, pursue coverage or assistance, and navigate complex systems during a health crisis.[7] Local community health workers understand the challenges faced by patients dealing with medical debt and express the terrifying stress it causes patients to know they have a debt that they

3 Avila Olea and Ferrera, "Overcoming."
4 Altarum, "Illinois."
5 Levey, "Hundreds."
6 Rau, "Patients."
7 Levey, "Hundreds."

cannot afford, often being forced to choose between putting food on their tables and paying off their medical debt.



Infographic by Kaiser Family Foundation: The Uninsured, Parents, Those With Lower Incomes, Black and Hispanic Adults, And Women Are Among The Most Likely To Have Health Care Debt[8]

8 Brodie et al., "Health."

A Crisis of Enrollment

A study undertaken by the Illinois Department of Healthcare and Family Services and published in 2021 found that about 906,000 Illinoisans are uninsured, and of those about 326,000 (over one-third) are eligible for Medicaid but are not enrolled in it.[9] Additionally, we expect that under-enrollment in coverage includes many people not captured by this report. Advocates and community leaders have worked recently with Illinois legislators and Governor J.B. Pritzker to create Medicaid-like coverage programs for low-income people ages 42 and older who are not eligible for traditional Medicaid. But not all eligible patients know about the program. While healthcare coverage expansions are terrific victories, ensuring enrollment in these programs are critical to their ability to address the medical debt crisis in Illinois. We are still home to hundreds of thousands of uninsured individuals who are not enrolled into health insurance programs they could likely qualify for and who are at risk of or already burdened with medical debt.

Ms. Yvette has over $15,000 in medical debt from a single health crisis in 2022. Her story is a tale of the two hospitals where she got care. One hospital advised her and helped her get financial assistance that covered her entire surgery and post-op visits. She has zero debt with the second hospital. The first hospital did not connect her with financial assistance, and she is constantly receiving reminders of her bills.

Practice to Policy at the National Level

The total estimated value of tax exemptions for nonprofit hospitals across the country was nearly $28 billion in 2020.[10] One national study indicated that less than 6% of adults with past-due hospital bills, including about 9% of adults with income less than 100% of the Federal Poverty Level ($13,590 per year for a single adult), were offered assistance from a particular non-profit hospital to apply for Medicaid.[11] Research has further shown that about half of nonprofit hospitals across the U.S. bill patients who would otherwise qualify for charity care. Data gathered from IRS annual reports indicated that hospitals, "estimated they had given up collecting $2.7 billion in bills sent to patients who probably would have qualified for financial assistance under the hospitals' own policies if they had filled out the applications."[12]

9 IL HFS and DOI, "Feasibility."
10 Godwin, Hulver, and Levison, "The Estimated."
11 Karpman, "Most."
12 Rau, "Patients."

Health advocates and policy experts across the nation have called upon the federal government to consider this fiscal benefit to hospitals and to take new action to protect patients from the harms they incur from medical debt. Along with 60 organizations, including the Illinois Coalition for Immigrant and Refugee Rights (ICIRR), Community Catalyst launched a national campaign calling on the Biden-Harris Administration to strengthen protections for patients and hold healthcare institutions who receive tax-exempt status accountable.[13] Several well-documented best practices can help alleviate the pain and stress for patients with outstanding hospital bills, including strengthening screening practices for eligible healthcare coverage and improving the accessibility to and navigation of financial assistance programs. While national solutions are needed, states, who also exempt hospitals from taxes, have important opportunities to address the issue as well.

States Taking Lead

Twelve states have recently taken the challenge to reduce medical debt by strengthening existing medical debt protection laws or introducing new legislation.[14] Colorado, New Mexico, and Vermont have all recently responded to this data by passing screening legislation with the goal of reducing medical debt in low-income, Black, immigrant, and indigenous communities. A new law in Colorado, HB21-1198 Health-care Billing Requirements For Indigent Patients, ensures that hospital providers screen patients for public health coverage and discounted care, setting an enforceable standard for individual patients to hold hospitals accountable. Colorado's law adds patient protections to reduce the number of Coloradans sent to collections and improved language access requirements.[15]

Similarly, New Mexico's (NM) new law, SB.71 Patient's Debt Collection Protection Act, reduces the number of patients sent to collections due to outstanding hospital bills by requiring hospitals to screen patients for health insurance and public programs and assist patients in applying for eligible programs. The new law requires the Human Services Department to issue guidance for providers on public billing programs, mandates hospitals to publicly report the use of certain funds, and requires third-party medical providers to be regulated the same way as the hospitals.[16]

Vermont's law, H.287 establishes a minimum standard for hospital financial assistance policies that requires hospitals to publish and notify patients about their policies including hospital outpatient clinics and facilities and ambulatory surgical centers. Vermont will also set forth processes for hospital facilities' implementation of their financial assistance policies and prohibits the facilities from selling their medical debt.[17]

13 Community Catalyst, "Group."
14 Community Catalyst, "A Path."
15 Colorado General Assembly, "Healthcare."
16 New Mexico Legislature, "Patients.'"
17 General Assembly of the State of Vermont, "No.119."

Currently, a new bill in Minnesota proposes that hospitals must screen all uninsured patients for hospital financial assistance eligibility and should assist patients in applying as needed. Under the bill, hospitals would also be restricted from sending the debt of either an insured or uninsured patient to collections, from taking the patient to court, from garnishing the patient's wages, or referring the debt to a third-party collector unless the hospital ascertains that the patient is not eligible for hospital financial assistance. Finally, the bill would specify where and how hospitals must share financial assistance policies, practices, and applications.[18]

A Preventative Approach to Medical Debt: Illinois

Illinois's hospital financial assistance laws and broad coverage options are a good start. But many patients, particularly patients of color, are still not aware of their options and have obstacles to accessing them. Advocates working with uninsured patients across Illinois have seen examples of medical debt and its harms that could have been avoided because the patient would have been eligible for health coverage or financial assistance under Illinois law. Illinois can improve access to these options for patients, reducing the harm of medical debt and, in many cases, providing a payer for hospitals at the same time and charity care is one solution to decreasing medical debt, but there is a stronger solution that benefits both patients and hospitals.

Illinois is already a leader in advancing health equity, and provides a broad set of options for patients who lack insurance. To make sure that all Illinoisans get the benefit of this leadership, advocates in Illinois are hoping to expand screening practices across all Illinois hospitals as well. A current legislative proposal would ensure hospitals screen all uninsured patients for financial assistance and require hospitals to assist patients in applying for hospital financial assistance. Under this proposal, if patients are found to be eligible for public health insurance, they would be referred to an organization or health clinic who could assist the patient in applying for eligible healthcare coverage. Additionally, the proposal would create standardized guidance for all hospitals, and in many cases allow patients to avoid incurring debt altogether.

18 Castle Work, "Minnesota."

Mr. Amir had emergency scans at a hospital emergency room in Chicago costing him over $8,000.00 in 2022. Amir was ineligible for Medicaid and does not recall any screening for other programs. He had no knowledge of Illinois law on hospital financial assistance programs. He was billed and didn't know what to do with the bills over the next two months. In desperation at the stress caused by the outstanding debt, he sought help from Arab American Family Services (AAFS), who assisted him with the hospital's financial assistance application. Amir went in person to hand the application in only to face confusion by staff which he could not resolve on his own. The AAFS caseworker had to intervene on Mr. Amir's behalf to make sure that the application was accepted, processed, and, thankfully, approved. Without AAFS's support and advocacy, Mr. Amir would likely be burdened with this debt today.

Screening upfront and helping patients get through the application process, is a cost-savings practice for both patients and hospitals. Screening will increase patient access to healthcare coverage and reduce medical debt especially in immigrant and Black communities. A patient may appear eligible for healthcare coverage such as Medicaid, Health Benefits for Adults and Seniors (HBIA and HBIS), Victims of Trafficking and Torture and other Serious Crimes (VTTC), or other programs, those patients will be referred to an organization that can determine eligibility and assist with the application process. This equitable approach removes the burden from patients understanding how to navigate a complex health system and greatly increases the chances of patients receiving the assistance that is within their legal rights. This screening process saves hospitals expenses and costs, and treats patients more humanely.

Case Study: RUSH University Medical Center. Chicago, IL

RUSH University Medical Center in Chicago has paved the way for successful screening practices when patients enter their doors. When a patient states that they do not have medical insurance, they are connected with their team of community health workers and social workers who assists the patient with public benefits enrollment such as Medicaid.

As part of its broader social needs screening program, during a six month period of 2022, preliminary data indicates that RUSH team members screened over 4,000 individuals for health insurance, with over 250 patients reporting being uninsured and entered into their referral program when the patient agrees.

Screening patients for health insurance options has the potential to prevent medical debt burden for patients on the front-end and increase healthcare coverage among uninsured patients while reducing hospital bad debt and hospital financial losses associated with uninsured patients.

Conclusion

Medical debt has been growing in immigrant and Black communities for far too long. As one of our partner's community health workers said, "I wish they could see the faces of community members who are carrying this medical debt. The stress that they have to carry is unbearable." We cannot stand aside as we watch our communities suffer from preventable medical debt. Hospital screening for uninsured patients will increase access to affordable healthcare by making charity care more accessible and referring eligible patients for public health insurance programs. Successful referrals have the potential to increase healthcare coverage enrollment for current uninsured individuals. We urge policymakers to hear the stories from their constituents and require hospitals to appropriately screen uninsured patients for financial assistance and refer eligible patients for healthcare coverage assistance. Closing the gap on charity care accessibility and increasing enrollment into healthcare insurance programs is a critical step toward achieving the vision of healthcare coverage for all.

**Client names in the stories mentioned above were changed to protect their identity and respect ongoing resolutions with the hospitals.*

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