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$170m in medical debt erased for 140,000 Eastern Mass. residents in nonprofit deal

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Dr. Ann Hwang, president, Atrius Health Equity Foundation COURTESY PHOTO

As Massachusetts residents check their mailboxes this week, some will find notices informing them that their medical debt has been erased.

Three nonprofits — Atrius Health Equity Foundation, Undue Medical Debt and the Massachusetts Health & Hospital Association — last month announced $170 million in grant-funded relief to cover the medical debt of over 140,000 residents in Eastern Massachusetts. Residents who receive notices that their debt has been erased have no additional steps to take.

“Medical debt is very different from other kinds of debt you might carry,” said Dr. Ann Hwang, president of Atrius Health Equity Foundation and a former primary care physician. “It’s not a debt of choice. The greatest risk of having medical debt is getting sick. … It should not be harming people’s financial future.”

The plan to provide debt relief began when Atrius Health Equity Foundation gave grants to several organizations, including Undue Medical Debt and Health Care For All, to eliminate medical debt in Eastern Massachusetts.

Undue Medical Debt then offered to purchase patients’ debt from their medical providers and debt collectors. Many of those providers and collectors agreed, allowing debts to be alleviated.

Daniel Lempert, Undue Medical Debt’s vice president of communication and marketing, said that providers see the merits of his organization’s model.

"They understand that this is a community benefit, that it encourages folks to reengage with the [health care] system," he said.

Residents cannot apply for relief funding themselves. Rather, Undue Medical Debt identifies those least able to pay back past due bills: patients whose annual income is at or below 400 percent of the federal poverty level — currently $63,840 for a single-person household or $132,000 for a family of four — or patients whose medical debt is 5% or more of their annual income. The nonprofit does not collect on the debt it purchases. The partnership comes as Gov. Maura Healey proposes a ban on the reporting of medical debt to state consumer credit agencies. That proposal will be finalized after public hearings on July 27 and 28. Healey said she hopes to prevent patients from facing long-term financial harm.

"Medical debt shouldn't make it harder to buy a home, rent an apartment or get a loan years after you've recovered and when you're working hard to make your payments," Healey said in a June 30 press release. "This action will help protect patients while we continue our work to lower health care costs and ensure all Massachusetts residents can afford to get the care they need when they need it."

More than 12% of state residents have medical debt, according to the Center for Health Information and Analysis' 2023 Massachusetts Health Insurance Survey. Among Black residents, that figure jumps to 20%.

With 15 years of practice as a primary care physician, Hwang has seen medical debt negatively affect her patients' health outcomes.

"It makes people not want to access care," Hwang said. "Even if a provider might say they don't collect on debt or they don't send it to a collection agency, if people know they have an outstanding balance, it makes them hesitate to come back in or might make them hesitate the next time they need care."

Atrius Health Equity Foundation's grants also went toward funding the exploration and advocacy of policy solutions that would ultimately prevent medical debt from occurring in the first place. From making financial assistance policies more uniform statewide to including more underinsured residents in the state's Health Safety Net program, advocates are working to not just solve the problem of existing medical debt but eliminate its proliferation.

"Medical debt is a completely man-made problem," Hwang said. "It is an artifact of the way that we bill and pay for health care. There's nothing in the universe that says that there must be medical debt."

Hwang encouraged those who will not receive debt relief this month to make sure their bills are accurate and negotiate them whenever possible, as some patients may receive bill corrections or reductions. Lempert pointed to resources such as Dollar For, a nonprofit that helps individuals access financial assistance in hospitals, and Health Law Advocates, which provides legal representation to low-income Massachusetts residents struggling to access or pay for needed medical services.

"It's a shame the system is set up in a way where the patients are the least empowered," Lempert said. "I'm always wary of giving people more homework. … We want people to be as empowered as possible, but it is worth acknowledging that the system itself is very much broken."