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3 Title: Protect Patients With Medical Debt Burden
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5 Introduced by: Nicolas K. Fletcher, MD, MHSA, for the Wayne County Delegation
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7 Original Author: Nicolas K. Fletcher, MD, MHSA
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9 Referred To: Reference Committee B
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11 House Action: **APPROVED AS AMENDED**
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14 Whereas, 14 percent of Michigan residents live with medical debt (approximately 1.6 million
15 individuals), and

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17 Whereas, Michigan residents' medical debt balance is more than \$1.5 billion, with Michigan
18 residents owing on average \$1,200, and

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20 Whereas, debt collection cases dominate Michigan's District Court, second in filing rate only
21 to traffic cases, and

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23 Whereas, 78 percent of default judgment cases in Michigan result in garnishment of wages
24 and assets, and

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26 Whereas, people with medical debt are far less likely to fill a prescription, see a specialist
27 when needed, visit a doctor or clinic for a medical problem and more likely to skip a needed test,
28 treatment, or follow-up visit, and

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30 Whereas, out of every 100 people in the U.S., between 18 and 35 people have medical debt
31 in collections, with Black, Indigenous, and people of color and people with lower incomes having
32 higher rates of medical debt than the general population, and

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34 Whereas, the COVID-19 pandemic brought renewed attention to medical debt, health
35 inequities, and public health; therefore be it

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37 RESOLVED: That MSMS lobby state and county officials to modernize and update
38 garnishment protections to protect assets Michigan residents need to pay down debt (i.e., wages or
39 property); and be it further

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41 RESOLVED: That MSMS work with the appropriate state regulatory agency to cap the
42 maximum interest rate on medical debt at 5 percent; and be it further

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44 RESOLVED: The Michigan Delegation to the American Medical Association (AMA)
45 encourage our AMA to work with the appropriate national organizations to address the medical
46 debt crisis by adopting robust policies at the federal and state level that prevent medical debt, help
47 consumers avoid court involvement, and ensure that court involved cases do not result in
48 devastating consequences on patients' employment, physical health, mental wellbeing, housing,
49 and economic stability.

WAYS AND MEANS COMMITTEE FISCAL NOTE: \$12,000 – \$24,000

Relevant MSMS Policy: None

Relevant AMA Policy:

Exclusion of Medical Debt That Has Been Fully Paid or Settled H-373.996

Our AMA supports the principles contained in The Medical Debt Relief Act as drafted and passed by the US House of Representatives to provide relief to the American consumer from a complicated collections process and supports medical debt resolution being portrayed in a positive and productive manner.

Health Plan Payment of Patient Cost-Sharing D-180.979

Our AMA will: (1) support the development of sophisticated information technology systems to help enable physicians and patients to better understand financial obligations; (2) encourage states and other stakeholders to monitor the growth of high deductible health plans and other forms of cost-sharing in health plans to assess the impact of such plans on access to care, health outcomes, medical debt, and provider practice sustainability; (3) advocate for the inclusion of health insurance contract provisions that permit network physicians to collect patient cost-sharing financial obligations (e.g., deductibles, co-payments, and co-insurance) at the time of service; and (4) monitor programs wherein health plans and insurers bear the responsibility of collecting patient co-payments and deductibles.

Sources:

1. Medical Debt Burden in the United States https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf
2. Advancing Justice For All in Debt Collection Lawsuits https://www.scribd.com/document/608200378/Advancing-Justice-for-All-in-Debt-Collection-Lawsuits#from_embed
3. Health care has become the largest source of debt in collections in the U.S. <https://medicaldebtpolicycorecard.org/>
4. Who Had Medical Debt in the United States? <https://www.census.gov/library/stories/2021/04/who-had-medical-debt-in-united-states.html>