



89 South Street
Suite 202
Boston, MA 02111
(617) 654-9911
www.accessproject.org

ADDRESSING MEDICAL DEBT

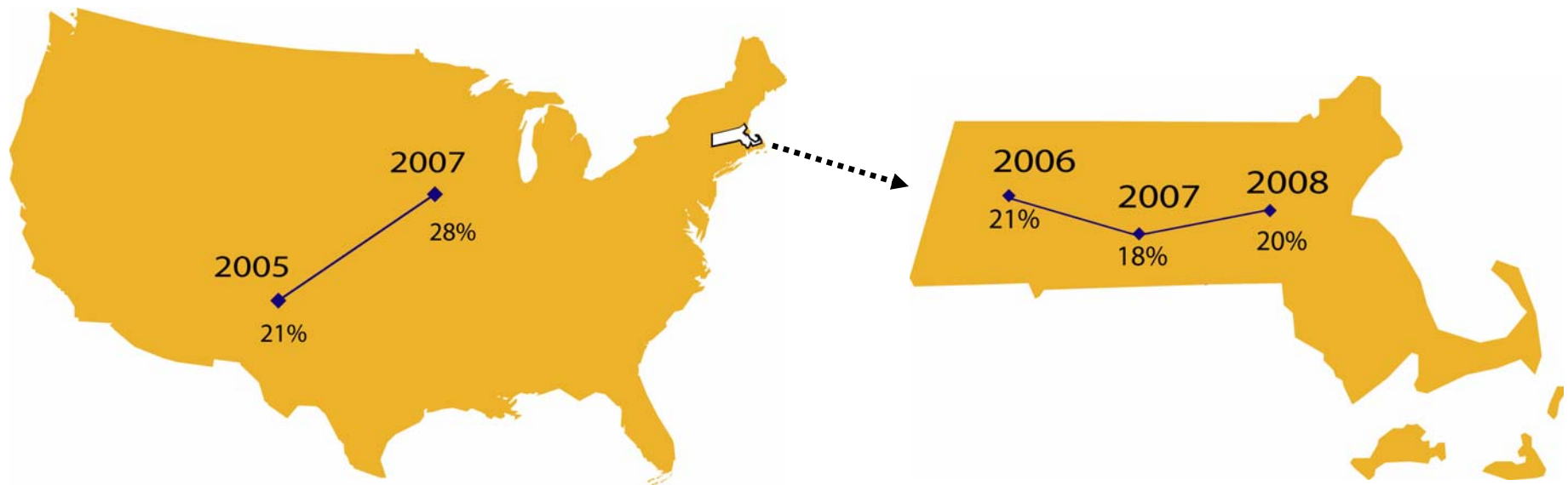
Developing Best Practices for Providers & Patients

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Mark Rukavina, Director
The Access Project
rukavina@accessproject.org
(617) 654-9911 x229

Medical Debt Trend Lines

Comparison of National and Massachusetts



National

2005: 21%

2007: 28%

Massachusetts

2006: 21%

2007: 18%

2008: 20%

Consequences of Medical Debt

➤ Financial

- ☐ Credit problems
- ☐ Housing problems
- ☐ Difficulty affording other necessities

➤ Psychological

- ☐ Depression
- ☐ Stress
- ☐ Anxiety

➤ Health Access

- ☐ Delayed care
- ☐ Discontinued care
- ☐ Unfilled Rx's

➤ Employment

- ☐ Change jobs to get better benefits
- ☐ Job loss
- ☐ More expensive premiums, worse coverage



Credit Reports

- Medical providers rarely report payment information to the credit bureaus
 - Experian: Only .07% of their data is reported directly by hospitals, doctors or medical providers
 - TransUnion: Medical debts are not typically reported unless they become delinquent and are assigned to collections.



Collection Agencies Used By Providers Report Accounts to Credit Bureaus

- Majority of non-credit related bills in collection are associated with medical bills - 52%
- Bills in collection considered to be a type of major derogatory
- Such bills have an important effect on consumer's ability to obtain credit or on the price of credit

*An Overview of Consumer Data and Credit Reporting
Federal Reserve Bulletin 2003*

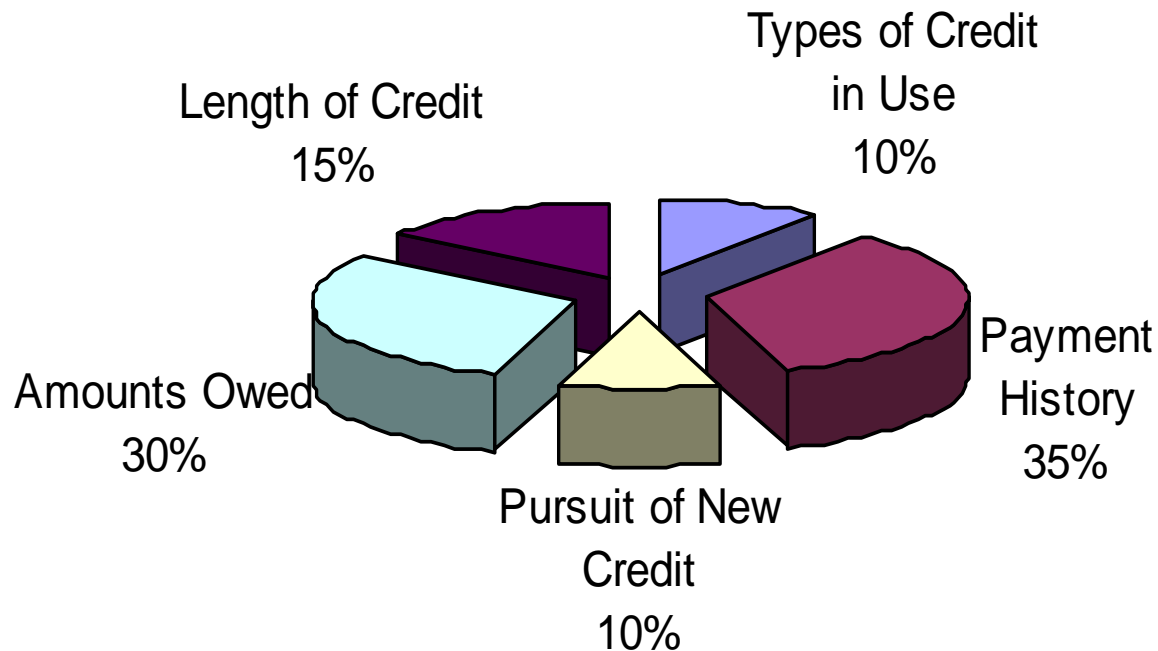


Credit Reporting

*Credit Report Accuracy & Access to Credit
Federal Reserve Bulletin 2004*

- Credit evaluators express concerns about appropriateness of using medical collection items in evaluating credit since they are:
 - More likely to be in dispute
 - Inconsistently reported
 - Of questionable value in predicting future payment performance

Calculation of Credit Scores



Sample Credit Report

Accounts Number: [REDACTED]
Account Owner: Individual Account
Original Amount Owned: \$426
Date of 1st Delinquency: 11/2004
Balance Date: 01/2008
Balance Owned: \$426
Last Payment Date: N/A
Status Date: 01/2008
Status: D - Unpaid
Comments: Medical

HOSPITAL BILLING & COLLECT

Agency Address: [REDACTED]
New Castle, DE 197202727
(302) 323-7000
Date Reported: 01/2008
Date Assigned: 07/2005
Creditor Classification: Medical/Health Care
Creditor Name: [REDACTED] HOSPITAL
Accounts Number: [REDACTED]
Account Owner: Individual Account
Original Amount Owned: \$495
Date of 1st Delinquency: 11/2004
Balance Date: 01/2008
Balance Owned: \$495
Last Payment Date: N/A
Status Date: 01/2008
Status: D - Unpaid
Comments: Medical

STERN AND ASSOCIATES

Agency Address: [REDACTED]
GREENSBORO, NC 27401
(336) 272-0800
Date Reported: 12/2007
Date Assigned: 11/2007
Creditor Classification: Medical/Health Care
Creditor Name: [REDACTED] MEDICAL
Accounts Number: H0XXXX
Account Owner: Individual Account

Original Amount Owned: \$25
Date of 1st Delinquency: 06/2006
Balance Date: 12/2007
Balance Owned: \$25
Last Payment Date: N/A
Status Date: 12/2007
Status: D - Unpaid
Comments: Medical

STERN AND ASSOCIATES

Agency Address: [REDACTED]
GREENSBORO, NC 27401
(336) 272-0800
Date Reported: 12/2007
Date Assigned: 11/2007
Creditor Classification: Medical/Health Care
Creditor Name: [REDACTED] MEDICAL
Accounts Number: [REDACTED]
Account Owner: Individual Account
Original Amount Owned: \$149
Date of 1st Delinquency: 07/2006
Balance Date: 12/2007
Balance Owned: \$149
Last Payment Date: N/A
Status Date: 12/2007
Status: D - Unpaid
Comments: Medical

STERN AND ASSOCIATES

Agency Address: [REDACTED]
GREENSBORO, NC 27401
(336) 272-0800
Date Reported: 10/2007
Date Assigned: 08/2007
Creditor Classification: Medical/Health Care
Creditor Name: [REDACTED] MEDICAL
Accounts Number: [REDACTED]
Account Owner: Individual Account
Original Amount Owned: \$93
Date of 1st Delinquency: 03/2006

Balance Date: 10/2007
Balance Owned: \$93
Last Payment Date: N/A
Status Date: 10/2007
Status: D - Unpaid
Comments: Medical

STERN AND ASSOCIATES

Agency Address: [REDACTED]
GREENSBORO, NC 27401
(336) 272-0800
Date Reported: 10/2007
Date Assigned: 08/2007
Creditor Classification: Medical/Health Care
Creditor Name: [REDACTED] MEDICAL
Accounts Number: [REDACTED]
Account Owner: Individual Account
Original Amount Owned: \$28
Date of 1st Delinquency: 02/2006
Balance Date: 10/2007
Balance Owned: \$28
Last Payment Date: N/A
Status Date: 10/2007
Status: D - Unpaid
Comments: Medical

STERN AND ASSOCIATES

Agency Address: [REDACTED]
GREENSBORO, NC 27401
(336) 272-0800
Date Reported: 08/2006
Date Assigned: 05/2006
Creditor Classification: Medical/Health Care
Creditor Name: [REDACTED] MEDICAL
Accounts Number: [REDACTED]
Account Owner: Individual Account
Original Amount Owned: \$61
Date of 1st Delinquency: 10/2004
Balance Date: 09/2006
Balance Owned: \$61



Policy Recommendations

- Massachusetts non-profit hospitals abide by Attorney General's Community Benefit Guidelines on Hospital Debt Collection Practices
 - Qualify patients for public programs & charity care
 - Reasonable payment plans
 - Refrain from reporting to credit bureaus/consumer reporting agencies
 - If reported, remove items from report once debt is paid in full
- Urge other healthcare providers and their agents to refrain from reporting medical debt to credit bureaus