



TZEDEK DC

Legal Help for People in Debt

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Performance Oversight Hearing Before the DC Council Committee on Hospital & Health Equity: Testimony of Ariel Levinson-Waldman, Founding President and Director-Counsel, Tzedek DC (Feb. 22, 2023)

Committee Chair Gray, and Committee Members and Staff of the Council's Committee on Hospital and Health Equity:

Thank you for your leadership, including on issues related to healthcare and hospitals and health equity in the District. Tzedek DCⁱ submits this testimony to highlight the efforts of Mayor Bowser, Deputy Mayor Turnage, and the Department of Health Care Finance to relieve medical debt. Deputy Mayor Turnage has been in conversation with us and other community partners on the impacts of medical debt and is working within the government to help relieve DC residents of the burden of medical debt.

The scope of the problem is significant. In the District, more than 90,000 residents may have outstanding medical debt, with more than 40,000 residents facing a medical debt in active collections.ⁱⁱ

Medical debt is a racial justice and disability justice issue. DC households of color are three times more likely than white households to have medical debt and five times more likely to be uninsured.ⁱⁱⁱ Additionally, illness is a stronger predictor of medical debt than insurance, making the disabled community particularly vulnerable to medical debt.^{iv} Because of medical debt, disabled individuals are more likely to forgo future medical care, often worsening their health problems.^v

Even though DC has high levels of health insurance coverage, not all medical debt is reported to credit bureaus and many residents who are insured are underinsured. Among the insured, 75% of Americans have copays, deductibles, or coinsurances that are more expensive than they can afford. Moreover, almost one in three adults would be unable to pay a \$400 medical bill out of pocket.^{vi}

Medical debt is a social determinant of health, and relieving medical debt can improve mental health, physical health, financial stability, and health equity.^{vii} Patients with burdensome medical debt often delay the care they need, experience difficulties obtaining employment and housing, have difficulty escaping poverty, and experience mental stress. Further, medical debt worsens health inequities by causing those with medical debt to seek less medical care.

Thanks to the Mayor and Deputy Mayor Turnage and related efforts, there are now conversations within the government to relieve medical debt through next year's budget. We applaud the Deputy Mayor and Department of Health Care Finance for working to address medical debt and lifting up this important issue.

Thank you for your time, and I and my Tzedek DC colleagues are available to answer any questions.

ⁱ Headquartered at the University of the District of Columbia David A. Clarke School of Law, Tzedek DC's mission is to safeguard the legal rights and financial health of DC residents with lower incomes facing the often devastating consequences of debt collection and credit-related obstacles. Tzedek DC carries out that mission with the goal of addressing racial gaps in wealth and equality. One of the projects at Tzedek is the Medical Debt Project. Tzedek DC's Equal Justice Works Fellow Jennifer Holloway focuses on the Medical Debt Project and played a substantial role in the preparation of this testimony.

ⁱⁱ Urban Institute, *Debt in America: An Interactive Map* (June 23, 2022) <https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=medcoll&state=11>

ⁱⁱⁱ *Id.*

^{iv} Noam Levey, *Sick and struggling to pay, 100 million people in the U.S. live with medical debt* (June 16, 2022) <https://www.npr.org/sections/health-shots/2022/06/16/1104679219/medical-bills-debt-investigation>

^v National Disability Institute, *Financial Capability of Adults with Disabilities* (2017) <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2019/01/ndi-finra-report-2017.pdf>

^{vi} Federal Reserve Board, *Economic Well-Being of U.S. Households in 2021* (May 2022) <https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf>

^{vii} Himmelstein et. al, *Prevalence and Risk Factors for Medical Debt and Subsequent Changes in Social Determinants of Health in the US* (Sept. 16, 2022) <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2796358>