Whereas, In 2020, medical debt was $429 million across the United States, exceeding nonmedical debt by $39 million; and

Whereas, Medical debt affects a significant portion of the population, with 19% of U.S. families unable to afford paying up-front for medical care in 2017; and

Whereas, 26.7% of households with a Black family member had medical debt compared to 17.2% of households with a white family member and 9.7% of households with an Asian family member; and

Whereas, 31% of households with a family member in poor health had medical debt compared to 14.4% of those with family members in adequate health; and

Whereas, 64% of Americans in 2018 delayed or avoided treatment due to cost of medical care; and

Whereas, Medical debt is a risk factor for prolonging a period of homelessness, and in a study of 1,600 low income individuals, 27% stated they had housing problems including difficulty qualifying for a mortgage and inability to pay rent or mortgage as a result of their medical debt; and

Whereas, Individual medical debt is often an insignificant portion of hospital’s overall revenue, despite the devastating impacts it has on individuals and families; According to ProPublica this portion can be as little as 0.03%, and the Healthcare Financial Management Association found that in 2018, bad debt (debt unlikely to be paid) consisted of 1-3% of total hospital revenue; and

Whereas, There is a growing national recognition of the problems associated with medical billing, reflected in the introduced Medical Debt Relief Act of 2021, which primarily aims for increased forgiveness regarding the reporting of medical debt on patient credit, but does not address hospital billing practices; and

Whereas, An August 2021 study published in JAMA Network Open found that after media coverage of debt litigation against patients in Virginia, Virginia hospitals filed 59% fewer medical debt lawsuits compared to the previous year and 11 hospitals banned the practice altogether, demonstrating that public accountability can reduce this predatory practice; and
Whereas, The American Hospital Association (AHA) Patient Billing Guidelines state that health care organizations have a responsibility to communicate effectively with patients and provide resources for patients wishing to discuss their payments; in the event of a nonpayment, the AHA guidelines recommend giving patients 30 days prior notice of any actions a hospital will take as a result; and

Whereas, The AHA Patient Billing Guidelines state that health care organizations working with third-party debt collectors should ensure that the collectors adhere to the Fair Debt Collection Practices Act (FDCPA), which establishes guidelines meant to prevent abusive debt practice against consumers; and

Whereas, AMA Policy H-385.963 encourages physicians to ensure no debt collection is sent to a patient without the physician’s knowledge and to practice compassion and discretion when sending collection; and

Whereas, Our AMA currently lacks policy addressing the practice of debt litigation directly conducted by health care organizations; therefore be it

RESOLVED, That our American Medical Association oppose the practice of health care organizations pursuing litigation against patients due to medical debt, and encourages health care organizations to consider the relative financial benefit of collecting medical debt to their revenue, against the detrimental cost to a patient’s well-being (New HOD Policy); and be it further

RESOLVED, That our AMA encourage health care organizations to manage medical debt with patients directly and consider several options, including discounts, payment plans with flexibility and extensions as needed, or forgiveness of debt altogether, before resorting to third-party debt collectors or any punitive actions (New HOD Policy); and be it further

RESOLVED, That our AMA encourage health care organizations to consider the American Hospital Association Patient Billing Guidelines when faced with patients struggling to finance their medical bills. (New HOD Policy)

Fiscal Note: Not yet determined

Received: 10/05/22

REFERENCES:


RELEVANT AMA POLICY

**Offsetting the Costs of Providing Uncompensated Care H-160.923**

Our AMA: (1) supports the transitional redistribution of disproportionate share hospital (DSH) payments for use in subsidizing private health insurance coverage for the uninsured; (2) supports the use of innovative federal- or state-based projects that are not budget neutral for the purpose of supporting physicians that treat large numbers of uninsured patients, as well as EMTALA-directed care; and (3) encourages public and private sector researchers to utilize data collection methodologies that accurately reflect the amount of uncompensated care (including both bad debt and charity care) provided by physicians.

Citation: CMS Rep. 8, A-05; Reaffirmation A-07; Modified: CMS Rep. 01, A-17

**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.

Citation: Res. 226, I-10; Reaffirmed: BOT Rep. 04, A-20

**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 (eg, 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.

Citation: CMS Rep. 09, A-19;

**Physician Review of Accounts Sent for Collection H-385.963**

(1) The AMA encourages all physicians and employers of physicians who treat patients to review their accounting/collection policies to ensure that no patient's account is sent to collection without the physician's knowledge. (2) The AMA urges physicians to use compassion and discretion in sending accounts of their patients to collection, especially accounts of patients who are terminally ill, homeless, disabled, impoverished, or have marginal access to medical care.

Citation: (Res. 127, I-92; Reaffirmed: CMS Rep. 10, A-03; Reaffirmed: CMS Rep. 4, A-13)