

ISSUES

Eliminating Medical Debt

No one in America should go bankrupt because of medical debt. We will eliminate all past due medical debt in this country.

Bernie



Details

In the United States of America, the wealthiest country in the history of the world, one illness or disease should not ruin a family's financial life and future. In America today, it is unacceptable that one out of every six Americans have past-due medical bills on their credit report, totaling [\\$81 billion](#). The largest share of that medical debt is held by 27-year-olds who lose access to their parents' insurance after age 26. Today, [25 percent](#) of 24 to 55 year olds throughout the country have outstanding medical debt.

A staggering [79 million Americans](#) struggle to pay their medical bills or are paying off medical debt, including *more than half* of those making less than \$40,000 a year. Last year alone, [8 million people](#) were pushed into poverty due to medical expenses.

Nearly half of Americans fear a major medical event could lead to their bankruptcy, according to Gallup, and one out of every four people in America said that sometime in the past year they had skipped medical treatment because of concerns about cost.

Right now, medical debt is the leading cause of consumer bankruptcy in America. In fact, [66.5 percent of all bankruptcies are connected to medical issues](#) — both because of the skyrocketing cost of care, and because of a patient's time away from work and the subsequent expenses and lack of income. Studies show that [500,000 people](#) are bankrupted by medical expenses each and every year — and the true number may be far higher.

Poor credit caused by illness can condemn families to cycles of further indebtedness. It can destroy credit scores, which in turn can force families to pay more in rent, make it harder to purchase a vehicle, force them to pay outrageous interest rates to payday lenders, and force families to forgo necessary medical care.

It is immoral and unconscionable that families across the country are being evicted, having their heat disconnected, or having their already-inadequate wages garnished because of crippling medical debt while the health care industry made more than \$100 billion in profits last year.

When Bernie is in the White House, he will fight to make sure that no one in America goes bankrupt because of medical debt and will eliminate all past due medical debt in this country.

Eliminate Existing Past-Due Medical Debt

Medical debt is the leading type of debt reported to credit agencies. More than 46 million Americans have at least one unpaid medical bill that has been sent to a collection agency on their credit report. Many hospitals, including many [non-profit](#) and [public](#) hospitals, aggressively sue low-income patients for medical bills incurred through no fault of their own. Some have even [filed lawsuits](#) against *their own employees* to collect unpaid medical bills.

Even having health insurance is no protection against medical debt. [One in six](#) patients with insurance incurred a surprise medical bill in 2017. Currently, private equity firms that own physician staffing groups are [spending millions](#) to lobby against legislation to end these out-of-network billing practices because surprise billing is essential to their profit model.

In America today, hospitals throughout the country are selling uncollected medical debt for [pennies on the dollar](#) to collection agencies who aggressively attempt to force patients to pay the full amount due. These debt collectors harass patients at work and at home, deploying unscrupulous tactics even after the statute of limitations on the debt has expired. Forcing additional stress and hardship on someone for the “crime” of getting sick is immoral, unconscionable, and un-American. We will eliminate past-due medical debt, stop the predatory tactics of debt collectors, and ensure non-profit hospitals are serving their intended mission.

As president, Bernie will:

- Eliminate the \$81 billion in past-due medical debt.
 - Under this plan, the federal government will negotiate and pay off past-due medical bills in collections that have been reported to credit agencies.
- End abusive and harassing debt collection practices.
 - Prohibit the collection of debt beyond the statute of limitations.
 - Significantly limit the contact attempts per week a collector can make to an individual through any mode of communication, regardless of how many bills are in collection.
 - Require collectors to ensure information about a debt is fully accurate before attempting to collect.
 - Substantially limit the assets that can be seized and the wages that can be garnished in collection to ensure consumers do not lose their homes, jobs, or primary vehicles and will be able to financially support their families.
- Instruct the IRS to review the billing and collection practices of the nearly 3,000 non-profit hospitals to ensure they are in line with the charitable care standards for non-profit tax status, and take action against those who are not.

Use Bankruptcy Courts to Process Other Existing and Future Medical Debt

The so-called Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 was a disastrous piece of legislation that benefited Wall Street and the credit card companies while causing severe economic pain and financial distress for ordinary Americans throughout the country. A study of its impacts found that the bankruptcy bill made it [harder](#) for patients to discharge medical debt through bankruptcy after a hospital stay, especially for uninsured patients. And, during the debate, then-Senator Joe Biden was one of only three Democrats to vote against an [amendment](#) that would have exempted those with serious medical debt from the draconian means test.

The bankruptcy bill reinforced and strengthened a rigged financial system that [disproportionately harms](#) African American borrowers and makes debt relief and forgiveness harder to obtain. Not only must we eliminate past-due medical debt, we must also reform our corrupt bankruptcy system to make it easier to discharge medical bills put on credit cards and other forms of payment, and ensure this debt does not follow patients going forward.

As president, Bernie will:

- Reform the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 to use the existing bankruptcy court system to provide relief for those with burdensome medical debt.
 - Eliminate means testing requirements to file for bankruptcy.
 - Allow for the adjudication — including potential discharge — of debt, including interest and penalties, stemming from direct payments to providers and insurers for medical expenses. Assuming documentation, this includes medical debt incurred on credit cards or any other consumer debt product.
 - End the onerous and regressive “credit counseling” required before filing to discharge medical debt.
 - Include broad “automatic stay” protections, placing an immediate prohibition on any evictions, utility (heat, electric, etc.) interruptions, foreclosure proceedings, wage garnishments, driver's license suspensions, and other actions.
 - Prohibit requiring the disclosure of medical debt discharge on housing, loan, or other applications.

Create a Public Credit Registry

Our current lending system relies on three major unsecure, for-profit credit registries to determine creditworthiness. In 2017, the credit reporting agency Equifax suffered a breach that exposed the personal information of more than 140 million Americans. Instead of material consequences, Equifax's CEO retired with a [\\$90 million](#) pay day. [Tens of millions](#) of consumers have incorrect information on their credit reports, which can prevent them from receiving home loans, rental apartments, or good jobs.

Credit scores also [systematically perpetuate](#) gaps in wealth and inequality between white and minority consumers. For millions of Americans, one unforeseen medical emergency or illness could send a family into financial destitution or a spiraling debt trap. We must and we will remove the profit motive from assessing the creditworthiness of American consumers. We will establish a public registry that will end racial biases in credit scores and ensure those with medical debt are not penalized for the “crime” of getting sick.

As president, Bernie will:

- Remove and exclude medical debt from existing credit reports.
- Create a secure public credit registry to replace for-profit credit reporting agencies.
 - This registry will use a public, transparent algorithm to determine creditworthiness that eliminates racial biases in credit scores.
 - Allow Americans to receive credit scores for free.
 - Prohibit medical debt from being included.
- End the use of credit checks for rental housing, employment, insurance and other non-lending practices.

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