



Support the Medical Debt Reset Act (SF 1347/HF1646)

We urge you to vote for the Medical Debt Reset Act (SF 1347/HF1646), authored by Senator Liz Boldon and Representative Liz Reyer respectively, which will appropriate \$5 million for a debt-forgiveness nonprofit organization (*Undue Medical Debt) to buy and forgive an estimated \$500 million in medical debt for roughly 250,000 – 400,000 Minnesotans.

Problem

- Medical bills are the leading cause of personal bankruptcy in the U.S. at 62% (Kaiser Family Foundation) or 66.5% (Physicians for a National Health Program-PNHP) and hits the middle class the most (PNHP).
- Although over 90% of Americans have health insurance, 54% carry or have carried medical debt within the last five years (Kaiser Family Foundation).
- Fear of medical debt causes people to defer or skip medical care, which can lead to worse and more costly health outcomes (Commonwealth Fund).
- Medical debt isn't like other types of debt because no one chooses to have an extended stay in a hospital, or plans on having their appendix burst, or having a heart attack.
- Medical expenses shouldn't be treated like a loan for a business.
- Medical debt triggers additional forms of consumer debt and adds great financial stress to people's lives.

Solution

*Undue Medical Debt (the debt-forgiveness nonprofit), would use the \$5 million appropriation to work with providers and commercial debt buyers on the secondary market to buy the medical debt for pennies on the dollar, then erases it. On average, \$1 is able to relieve up to \$100 in medical debt.

The Minnesota Medical Debt Reset aims to provide relief to Minnesotans who cannot afford to pay back their medical debt. To qualify for relief, Minnesotans must:

1. have household income at or below 400% of the Federal Poverty Guidelines, or
2. have medical debt equal to or exceeding 5% of their household income.

*Undue Medical Debt and Saint Paul's Debt Reset Program

Recently, Saint Paul Mayor Melvin Carter partnered with Undue Medical Debt to invest \$1.1 million of American Rescue Plan dollars to erase an estimated \$110 million in medical debt from city residents. In November 2024, Mayor Carter announced that \$40 million in medical debt has already been erased from Saint Paul residents. In that first round of debt forgiveness, the average debt forgiven was \$268, while the largest was \$104,972.