



## **FACT SHEET: The impact of medical debt relief**

The [United Church of Christ](#) first became involved in efforts to relieve medical debt in [Chicago in 2019](#). Here is why medical debt, and efforts to abolish it, are important.

- **Medical debt is the top reason for contact with debt collectors.**
  - In the U.S., “59% of consumers contacted about a debt reported receiving calls and letters regarding a medical debt in collections.”- *Source: National Consumer Law Center.*
  - “22% of consumers with debts in collection have only medical debts.”  
- *Source: Consumer Financial Protection Bureau, 2014*
- **Medical debt can cut patients off from needed health care services.** “In 2015, 3 in 10 consumers facing problems paying medical bills reported avoiding health care services as a result of their debts.” - *Source: National Consumer Law Center*
- **Medical debt causes people to cut back on other necessities.** Among Americans with medical bill problems, 70% say they cut back on spending on food, clothing or other basic household items; 41% say they took an extra job or worked more hours; 59% say they used most or all of their savings; 35% say they have been unable to pay for basics like food, heat or housing.  
- *Source: Kaiser Family Foundation / The New York Times, 2016*
- **More Americans fear medical debt than serious illness.** “A 2018 survey found that 4 in 10 respondents fear the cost associated with a serious illness, more than the number who say they fear a serious illness itself.”  
- *Source: National Consumer Law Center.*
- **Medical debt is prominent in credit reports.** In the U.S., “54% of consumers with medical debt have no other debts listed on their credit reports.”  
- *Source: Consumer Financial Protection Bureau, 2014*

The United Church of Christ works with the New York-based nonprofit, [RIP Medical Debt](#). The following pages contain background on this organization, plus further information and testimonials.

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## FAQ of the Origin and Purpose of RIP Medical Debt

**RIP Medical Debt is a 501(C)(3) nonprofit whose sole purpose is to locate, purchase and then abolish unpaid and unpayable medical debt as a benefit to society as well as the recipient.**

RIP was launched on July 25, 2014, by two former collection industry executives who decided to put their industry experience and expertise to work to *forgive* debt rather than collect on it. Working with third-party credit data providers, RIP searches bundled debt portfolios to locate accounts meeting our criteria for financial relief. RIP then negotiates to buy portfolios at a steep discount, on average a penny on the dollar. Prior to RIP's purchase, these bills have passed through several collection agencies and months or years of collection pursuit. RIP offers to purchase these accounts at their present industry market value. **The humanitarian difference is that once RIP buys this debt we forgive it on behalf of our donor.**

### **Why Medical Debt? Because It Is an existential threat to the well-being of citizens as well as society**

- Debtors are the "collateral damage" of a flawed healthcare, pharma and Insurance system
- 43 million Americans now owe about \$75 billion in past-due medical debt
- More than 1 in 3 Americans struggle to afford the cost of their medical care
- Medical debt contributes to more than 60 percent of all bankruptcies in the USA
- 75 percent of all individuals in medical bankruptcy had health insurance coverage
- Medical debt lingers on a person's credit report and negatively impacts their ability to purchase or rent a home, buy a vehicle, secure a loan, or even gain employment

### **How does RIP Medical Debt help a community?**

RIP serves its donors by abolishing their targeted categories of medical debt, i.e., debt for specific geographic areas (states/cities) or even community-of-interest (i.e., aged, children or veterans).

### **Who Qualifies for RIP Debt Forgiveness?**

- People earning less than 2 times the federal poverty level (varies by state and family size).
- Those in financial hardship (out-of-pocket expenses 5% or more of their annual income).
- People facing insolvency (debts are greater than assets).

### **An Amazing Bang-for-the-Buck return for the Benefactor!**

Considering that medical debt can be purchased for a penny on the dollar, **as little as \$10,000** will abolish **\$1 million worth of medical debt**. In five years, RIP has raised enough money to abolish over **\$675 million** for over 200,000 people (including **\$50,000,000** in Veteran debt in 2018 alone). Their stated mission is to find, buy and forgive **\$1,000,000,000** (yes, billion) in medical bills before 2020.

- **To learn more, contact Communications Director Daniel Lempert – [Daniel@dvmcpr.com](mailto:Daniel@dvmcpr.com)**



## TESTIMONIALS from other RIP Medical Debt projects

Since its start in 2014, [RIP Medical Debt](#) has abolished more than \$800 million in medical debt in projects like the one the [United Church of Christ](#) will announce on Oct. 20, 2019. Here are testimonials RIP Medical Debt has received from beneficiaries of past projects (not the current UCC project):

- **“I would like to express my gratitude** to your organization. I was going through the worst year of my life and when this letter showed up I found a little hope through the darkness. ... This hope raised me up. Thank you. I cannot express my gratitude. God Bless.” - *Annaliesa S.*
- **“I had to write and tell you THANK YOU!!** At the time I received your awesome letter I was feeling down and defeated. All my life I have felt like I was not worthy of anything good. ... Then your letter came. The first thing I thought of was, ‘Great, another bill’ and ‘How am I going to pay it?’ ... After opening your letter while on the phone with my friend, all I could do was say WOW, WOW, WOW. She asked me if I was OK. I started crying and telling her God does love me. She hung up and came over. I just handed her the letter. Thanking God and your company.” - *Cynthia H.*
- **“I would like to take this opportunity to say ‘thank you’** for being able to abolish my debt. ... It is so awesome to be blessed by people like yourself. Thank God for you all for meeting the needs of people in your community.” - *Kimberly C.*
- **“I almost cried when I realized the letter was real.** It really caught me off guard. It allows me to stay more positive now and for my wife and [me] to continue paying down our debts.” - *Chris S.*
- **“Getting hit with bills too outrageous to pay** is like a bad nightmare. I received the letter from RIP Medical Debt and out of the pile of other mail I put it to the side. I was thinking to myself, ‘I’ll open that soon to see if there is some type of help out there.’ I decided to open the letter and read that the debt was canceled by RIP Medical Debt. I read it again and again. I even googled to see if this is really legit. I was overwhelmed with happiness but didn’t want to show it because ‘things like this don’t happen, things like this are some type of scam.’ I am so grateful; words do no justice.” - *Alis C.*

-- Oct. 11, 2019



## **FACT SHEET: The ‘Health-Poverty Trap’**

*Poverty and poor health are closely linked, as dozens of studies show. That is why participants in this United Church of Christ project chose to buy and forgive medical debt in urban neighborhoods facing the greatest needs. Here are what a few academic and public-health experts say about the “health-poverty trap.”*

**“Poor individuals were more than four times more likely to delay or forgo needed medical care due to cost than those with middle or high incomes.”**

*- Barbara Wolfe, University of Wisconsin-Madison*

**“Residents of impoverished neighborhoods or communities are at increased risk for mental illness, chronic disease, higher mortality, and lower life expectancy.”** - *U.S. Office of Disease Prevention and Health Promotion*

**“While low income contributes to poor health status, poor health can also contribute to lower income.”** - *Dhruv Khullar, Weill Cornell Medical College, and Dave A. Chokshi, New York City Health + Hospitals*

**“The growing link between income and health may signal the emergence of a 21st century health-poverty trap.”** - *Jacob Bor and Sandro Galea, Boston University*

Here are the contexts of the above quotes, with links to full articles ...

*Dr. Barbara Wolfe, Professor of Public Affairs, Economics and Population Health Services at the University of Wisconsin-Madison, wrote:*

“Poor health and poverty are closely linked. It is well known that those with moderate and high incomes are healthier on average than those with low incomes. For every age group and on most health indicators, the poor are less healthy than the near poor and nonpoor. Many factors influence health, including access to medical care. ... Recent National Health Interview Survey (NHIS) data indicated that poor individuals were more than four times more likely to delay or forgo needed medical care due to cost than those with middle or high incomes (21.8% vs.5.1%). The National Center for Health Statistics (NCHS) report *Health, United States, 2014* indicated that having health insurance appears to reduce the avoiding-care ratio from about 8.9% to 3.4%. Larger differences exist for dental care. The poor were also more than nine times more likely than those in middle and high income ranges to forgo needed prescription drugs due to cost (18.3% vs. 2.8%). Further, almost 30% of respondents below poverty did not get needed dental care due to cost, six times the rate of those at or above 400% of poverty (5.2%).”

*-- From “Reducing Health Disparities by Poverty Status.” Focus on Policy, No. 4, October 2015. Institute for Research on Poverty, University of Wisconsin-Madison.*

<https://www.irp.wisc.edu/wp/wp-content/uploads/2018/05/PB4-ProvenPoliciesToReduceHealthDisparities.pdf>

*The Office of Disease Prevention and Health Promotion, part of the U.S. Department of Health and Human Services, has this at its website:*

“Residents of impoverished neighborhoods or communities are at increased risk for mental illness, chronic disease, higher mortality, and lower life expectancy. Some population groups living in poverty may have more adverse health outcomes than others. For example, the risk for chronic conditions such as heart disease, diabetes, and obesity is higher among those with the lowest income and education levels.<sup>17</sup> In addition, older adults who are poor experience higher rates of disability and mortality.<sup>25</sup> ...People with disabilities are more vulnerable to the effects of poverty than other groups.<sup>25-27</sup> Racial and ethnic minorities living in poverty (defined by socioeconomic status) may also have more adverse health outcomes.<sup>9</sup> For example, a study of health outcomes among those living in poverty found that African American men are more likely to die from prostate cancer than any other racial group.<sup>28-30</sup> The same study found that African American women are more likely to suffer from breast and cervical cancer than any other racial group.<sup>28</sup>”

-- From website of U.S. Office of Disease Prevention and Health Promotion, accessed Oct. 3, 2019. <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/poverty>

**Dr. Dhruv Khullar** of the Weill Cornell Medical College’s Department of Healthcare Policy and Research and **Dr. Dave A. Chokshi**, chief population health officer at New York City Health + Hospitals, wrote:

“Compared to higher-income Americans, low-income people face greater barriers to accessing medical care. They are [less likely](#) to have health insurance, receive new drugs and technologies, and have ready access to primary and specialty care. Low-income workers are more likely to be employed by organizations that do not offer health benefits: [Less than one-third](#) of low-income workers obtain health insurance through their employer, compared to nearly 60 percent of higher-income workers. Even after implementation of the Affordable Care Act (ACA), more than [twenty-seven million](#) Americans remain uninsured—the majority of whom are low-income people. Those without health insurance are [less likely](#) to have a regular source of medical care and more likely to forgo care because of cost concerns. ... It’s also clear that while low income contributes to poor health status, poor health can also [contribute to lower income](#). Poor health can limit one’s ability to work, reduce economic opportunities, inhibit educational attainment, and lead to medical debt and bankruptcy. This can create a negative feedback loop—what Jacob Bor and Sandro Galea have called the [twenty-first-century health-poverty trap](#).

-- From “*Health, Income, & Poverty: Where We Are & What Could Help*,” *Health Policy Brief*, October 4, 2018. In *Health Affairs*, a peer-reviewed journal of health policy thought and research.

<https://www.healthaffairs.org/doi/10.1377/hpb20180817.901935/full/>

**Dr. Jacob Bor** and **Dr. Sandro Galea**, professors at Boston Univ. School of Public Health, wrote:

“The poor and non-college educated have been left out from the health gains enjoyed by middle- and upper-income Americans. On a number of health measures, conditions for the poor are deteriorating. Although as a society we have never had better information about causes of disease, better availability of healthy food, or better medical technologies, access to these and other health inputs is increasingly determined by ability to pay. Public subsidies have not kept pace, leading to widening differentials in access. Education, historically a door to economic opportunity and

better health, is increasingly out of financial reach for many Americans. Rising economic insecurity has also contributed to an array of stress-related adverse coping behaviors that are harmful for health, including the persistence of smoking and the resurgence of opioid use. Poor health can also limit economic productivity, deplete household income, and create a negative feedback loop. The growing link between income and health may signal the emergence of a 21st century health-poverty trap.”

-- From “*The Cost of Economic Inequality to the Nation’s Physical Health.*” *Boston Globe*. April 25, 2017. <https://www.bostonglobe.com/opinion/2017/04/25/the-cost-economic-inequality-nation-physical-health/JTsEP3XkNx3425ypbw4KRI/story.html>

*The [United Church of Christ](#), a mainline Protestant denomination, has nearly 900,000 members and 5,000 congregations nationwide. Headquartered in Cleveland, it is a church of many firsts: the first mainline denomination to ordain a woman, the first to ordain an openly gay man and the first predominantly white denomination to ordain an African American. More on the UCC’s justice ministries is [here](#).*