



Text File

Introduced: 12/13/2022

Bill No: 2022-1073, **Version:** 2

Committee: Committee on Finance and Law

Status: Passed Finally

Resolution authorizing the Mayor and the Director of the Office of Management and Budget, on behalf of the City of Pittsburgh, to enter into an Agreement or Agreements with **a vendor chosen through the City bid process for the purpose of purchasing and discharging** RIP Medical Debt to purchase and discharge eligible health care debt owed by Pittsburghers, as approved in the City of Pittsburgh's American Rescue Plan, at a cost not to exceed One Million Dollars (\$1,000,000).

(Briefing held 1/9/23)

WHEREAS, more than 100 million Americans-41% of adults-are burdened by health care debt; and,

WHEREAS, 1 in 3 indebted Americans owes less than \$1,000 in health care debt, 1 in 4 indebted Americans owes more than \$5,000, and 1 in 8 indebted Americans owes \$10,000 or more; and,

WHEREAS, about 1 in 5 of Americans with any amount of health care debt do not expect to ever be able to pay it off; and,

WHEREAS, health care debt appears in every age group: 55% of adults ages 18-29, 69% of adults ages 30-49, 60% of adults ages 50-64, and 37% of adults older than 65 have all incurred health care debt in the last five years; and,

WHEREAS, health care debt appears across racial and ethnic groups: 54% of white adults, 69% of black adults, and 64% of Hispanic adults have all incurred health care debt in the last five years; and,

WHEREAS, according to the U.S. Census Bureau, a disproportionate share of the 1 in 5 American households across the U.S. that owe an average of \$2,000 in medical debt are Black and Latino; and,

WHEREAS, indebted American adults have cut spending on food, clothing, and other basics, used up all or most of their savings, taken on extra work, delayed buying a home, postponed their education, sought aid from charities or nonprofits, changed their living situ; and,

WHEREAS, according to the Consumer Financial Protection Bureau's (CFPB) February 2022 report titled "Medical Debt Burden in the United States," 58% of debts recorded in collections were for a medical bill, making it the most common form of debt on consumer credit records and the leading cause of personal bankruptcy in the United States of America; and,

WHEREAS, Americans with health care debt are prevented from saving for retirement, investing in their children's educations, or laying the traditional building blocks for a secure future, such as borrowing for college or buying a home; and,

WHEREAS, most perversely, health care debt blocks sick Americans from seeking medical care, either because they have been denied access to a hospital, doctor, or other healthcare provider because of unpaid bills, or because they have put off essential care due to associated costs; and,

WHEREAS, though health care debt is one of most prevalent types of consumer debt, it differs from every other type of consumer debt in that people do not plan to get sick or get hurt, and when they do get sick or hurt, getting health care is not just necessary but may well be a matter of life and death; and,

WHEREAS, per the CFPB report referenced previously, as of December 2020, in the Commonwealth of Pennsylvania, 10.5% of adults, or 13,608,000 people, owe an average of \$1,473 in health care debt; and,

WHEREAS, in Allegheny County, 7% of all households-6% of households in white communities and 9% of households in communities of color-have health care debt in collections; and,

WHEREAS, in Allegheny County, per February 2022 data compiled by the Urban Institute in the spreadsheet titled "Debt in America: County-Level Medical Debt," the median medical debt in collections per household in communities of color is \$369, and the median medical debt in collections per household in white communities is \$275; and,

WHEREAS, a 2019 survey conducted by the Service Employees International Union (SEIU) found that about 60% of the 3,500 hourly workers employed at the University of Pittsburgh (UPMC) Presbyterian and Shadyside Hospitals owe money to the hospital giant for health care costs; and,

WHEREAS, many Pittsburghers with health care debt are uninsured or underinsured and are experiencing financial hardship in the wake of COVID-19; and,

WHEREAS, Black and brown communities in Pittsburgh have been disproportionately impacted both financially and medically by COVID-19 and resulting health care debts; and,

~~WHEREAS, RIP Medical Debt is a national nonprofit whose purpose is to strengthen communities by abolishing financially burdensome health care debt, and has erased over \$7.3 billion in such debt for more than 4.2 million individuals and families so far; and,~~

~~WHEREAS, RIP Medical Debt discharges health care debt by purchasing it from healthcare providers and on the secondary market for pennies on the dollar and then, instead of attempting to collect this debt, discharges it; and,~~

~~WHEREAS, in August 2019, the Pennsylvania-based human rights organization Put People First! PA (PPF) raised \$16,466 and partnered with RIP Medical Debt to eliminate \$1.6 million in health care debt owed by 875 people from eighteen counties of western Pennsylvania, including Allegheny County; and,~~

~~WHEREAS, in October 2022, three churches in Allegheny and Washington County,~~

Committee: Committee on Finance and Law

Status: Passed Finally

~~Pennsylvania announced that they had raised over \$44,000 and partnered with RIP Medical Debt to eliminate more than \$5 million in health care debt owed by people who live in southwestern Pennsylvania, eastern Ohio, and northern West Virginia; and,~~

WHEREAS, in July 2022, Cook County, Illinois allocated \$12 million in American Rescue Plan Act (ARPA) dollars ~~to RIP Medical Debt~~ to forgive up to \$1 billion in health care debt owed by Cook County residents; and,

WHEREAS, in November 2022, the City of Toledo partnered with Lucas County, Ohio to allocate \$1.6 million in ARPA dollars-\$800,000 from the city and a matching \$800,000 from the county ~~to RIP Medical Debt~~ to discharge \$190 million to \$240 million of health care debt held by 41,000 people; and,

WHEREAS, the City of Pittsburgh received \$335 million in ARPA dollars to address the public health and negative economic impacts of COVID-19; and,

WHEREAS, following in the footsteps of these ~~philanthropic, county, and city~~ initiatives, the City of Pittsburgh seeks to partner with a vendor chosen by the City bid process ~~RIP Medical Debt~~ to discharge the health care debt of all eligible Pittsburghers ~~as many Pittsburghers as possible~~.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF PITTSBURGH RESOLVES AS FOLLOWS:

Section 1. The Mayor and the Director of the Office of Management and Budget, on behalf of the City of Pittsburgh, are hereby authorized to enter into an Agreement or Agreements with a vendor chosen through the City bid process for the purpose of purchasing and discharging ~~RIP Medical Debt~~ (“RIPMD”) to purchase ~~and discharge~~ eligible health care debt owed by Pittsburghers, as approved in the City of Pittsburgh’s American Rescue Plan, at a cost not to exceed One Million Dollars (\$1,000,000).

Funds to the chosen vendor ~~RIPMD~~ shall be paid from the American Rescue Plan Trust Fund, JDE account 0222905500.53901.00.

Section 2. In compliance with American Rescue Plan Act (ARPA) guidelines, individuals deemed eligible for this health care debt relief will be:

- a. Residents of the City of Pittsburgh, and
- b. ~~Who received healthcare on or after March 30, 2020,~~
- c. Have a household income less than ~~four~~ three times the federal poverty level, ~~or which ranges from \$13,590 for a one-person household to \$46,630 for an eight-person household in the Commonwealth of Pennsylvania, or have health care debts that are 5% or more of their annual income.~~
- d. Have a household income that is at 65% of Area Median Income, or
- e. Reside in a qualified U.S. Census tract.

Section 3. ~~RIPMD calculates that an allocation of \$1 million would help discharge approximately \$115 million of health care debt owed by about 24,000 residents of the City of Pittsburgh.~~

Section 43. Health care debt accounts will range from 18 months old to 7 or more years old.

Section 54. Account balances must have been written off as bad debt and hospitals must consider the accounts to be dormant.

Section 65. **The chosen vendor** RIPMD shall seek to buy dischargeable health care debt directly from hospitals in bundles.

Section 76. Beneficiaries of health care debt relief through this initiative will no longer owe the specific health care debt(s) erased through this City of Pittsburgh partnership with **the chosen vendor** RIPMD and will not have to pay taxes on this one-time donation toward the purchase and discharge of their health care debt.

Section 87. Residents of the City of Pittsburgh whose health care debt qualifies will receive letters stating the amount that has been discharged after local officials sign their contracts with the **participating** organization.