

Dr. Abdul El-Sayed
Written Testimony to the Senate Committee on Health, Education, Labor and Pensions
July 11, 2024

HEARING BEFORE THE
COMMITTEE ON THE HEALTH, EDUCATION, LABOR and PENSIONS
UNITED STATES SENATE

“ELIMINATING MEDICAL DEBT: THE VIEW FROM WAYNE COUNTY, MICHIGAN”

Testimony by
Abdul El-Sayed, MD, DPhil

My surgery.

On April 12th, I went under the knife for my second abdominal surgery in two years.

About a year earlier, I had begun to feel a heaviness under my right inguinal line when lifting weights. Soon enough, I noticed a bulge in that space that I could reduce—the technical term for “push back in.” As a physician, I knew exactly what was going on. Nearly 30% of men will develop an inguinal hernia at some point in their lives. And about 20% of them will develop hernias on both sides. A hernia is a weakening of the abdominal wall that creates a space for bowel to “herniate,” or push through. Hernias aren’t painful, but they can grow with time under intense pressure. I am an avid weightlifter and mountain biker. And my hernia was growing. I also had a sneaking suspicion, confirmed by my doctors, that I was one of the unlucky ones who had bilateral hernias.

I share this because inguinal hernias present a peculiar medical conundrum that offer important context for our subject today. Treating an inguinal hernia requires the attachment of a mesh over the defect in the abdominal wall—a surgical procedure under general anesthesia. Surgical treatment is considered a medical necessity because of the risk of intestinal incarceration. Incarceration is a medical emergency in which too much bowel protrudes through the opening such that it gets stuck—and the pressure on the bowel cuts off blood flow to the organ, causing it to begin to die. Untreated, an incarceration can be deadly. But incarceration only happens in 10-15% of cases, which means that most people find their hernia to be a slight annoyance—nothing more.

To treat, or not to treat? That should be a medical question, a decision made with one’s doctors. For me, it should have been an easy decision. I was an active 39-year-old with growing bilateral hernias. Why tempt fate?

Because hernia repair is also expensive—even with insurance. I had realized I should probably get surgery in the summer of 2023, and I wanted to find a date before the end of the year when my deductible would renew. They couldn’t fit me in until the spring. My in-network deductible was \$3,200—and my maximum annual out-of-pocket was \$4,600. As of the end of June—just six months into 2024 and only three months after surgery—I had already paid them in full. Why? I got a medically necessary surgery intended to allay the discomfort of having my intestines

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bulge every time I so much as spoke loudly and to prevent a medical emergency that could kill me.

And I'm one of the lucky ones. I make a good living and I have good insurance. More importantly, I could diagnose myself early and begin saving money into my health savings account to try to ease the cost burden. Had I not been insured, had I not had the means to pay my out-of-pocket costs, or had I learned about my hernias only after I presented to an emergency room with an incarceration, I might have wound up being one of the millions of Americans with medical debt.

I share my story as context for the impossible decisions that millions of Americans are forced to make every single day in the world's richest, most powerful country—with the world's most pitiful healthcare system. I share it to offer context for why so many of our people hold medical debt.

Medical debt in Wayne County, Michigan.

Wayne County, Michigan, is Michigan's largest and most diverse county, with 1.7 million residents.¹ The 19th largest in the country, our county faces many of the same challenges common to large, urban counties nationwide, including inequities in healthcare access and financial stability. The median household income in Wayne County is approximately \$55,800.² More than one in five residents live below the poverty line—more than 1.5 times the national average.³ About six percent of the county's population lacks health insurance coverage,⁴ and an additional 29.8% get their healthcare through Medicaid.⁵

Wayne County has the eighth highest burden of medical debt of any county in the United States.⁶ Estimates suggest 14.5% of our residents carry medical debt,⁷ and about 13% of residents with a credit bureau record have medical debt currently in collections.⁸ The lack of insurance coverage

¹ Census Reporter profile for Wayne County, MI. (2022). <https://censusreporter.org/profiles/05000US26163-wayne-county-mi/>.

² Census Reporter profile for Wayne County, MI. (2022). <https://censusreporter.org/profiles/05000US26163-wayne-county-mi/>.

³ Census Reporter profile for Wayne County, MI. (2022). <https://censusreporter.org/profiles/05000US26163-wayne-county-mi/>.

⁴ Data USA. (2023). "Wayne County, MI". <https://datausa.io/profile/geo/wayne-county-mi#coverage>.

⁵ Data USA. (2023). "Wayne County, MI". <https://datausa.io/profile/geo/wayne-county-mi#coverage>.

⁶ Becker's Hospital Review. (2022). "These are the largest U.S. counties with the most medical debt." <https://www.beckershospitalreview.com/finance/these-are-the-largest-u-s-counties-with-the-most-medical-debt.html>.

⁷ Urban Institute. (2023). "Interactive map on medical debt in Wayne County, MI." <https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=medcoll&state=26&county=26163&print=true>.

⁸ Urban Institute. (2023). "Interactive map on medical debt in Wayne County, MI." <https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=medcoll&state=26&county=26163&print=true>.

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predicts delayed or forgone medical care, leading to worsening health conditions and potentially higher costs when care is sought, further contributing to medical debt burdens. This helps explain why nearly a quarter of Wayne County adults report poor or fair general health,⁹ and why too many county residents have been forced to incur financially crippling medical debt to access healthcare.

Wayne County's challenge is America's challenge.

Medical debt presents a pervasive, destructive scourge beyond Wayne County, too. Unlike other high-income countries, where universal healthcare systems offer sustainable, cost-efficient services for all residents, our private, profit-driven healthcare system, with its complex insurance structures and profit-oriented institutions, straps patients with high costs, porous healthcare coverage, and overwhelming medical debt.

And the consequences add insult to injury. Medical debt is the leading cause of bankruptcy in the United States.¹⁰ Approximately 41% of all U.S. adults owe some amount of medical or dental debt due to their own or someone else's healthcare expenses.¹¹ An additional 16% of adults report paying off medical or dental debt in the past five years, meaning 57% of adults have held some level of medical debt over the past five years.¹²

An analysis of Census Bureau data reveals one in ten U.S. adults have significant medical debt, with 14 million owing more than \$,1000 and three million owing more than \$10,000. Collectively, Americans owe at least \$220 billion in total medical debt.¹³ That's more debt than the GDP of half of the states in this union.

Our country is unique in that we hold the world's largest sum of medical debt. And that's a direct consequence of our being the only high income country in the world without universal health coverage, as I will discuss in more detail below.

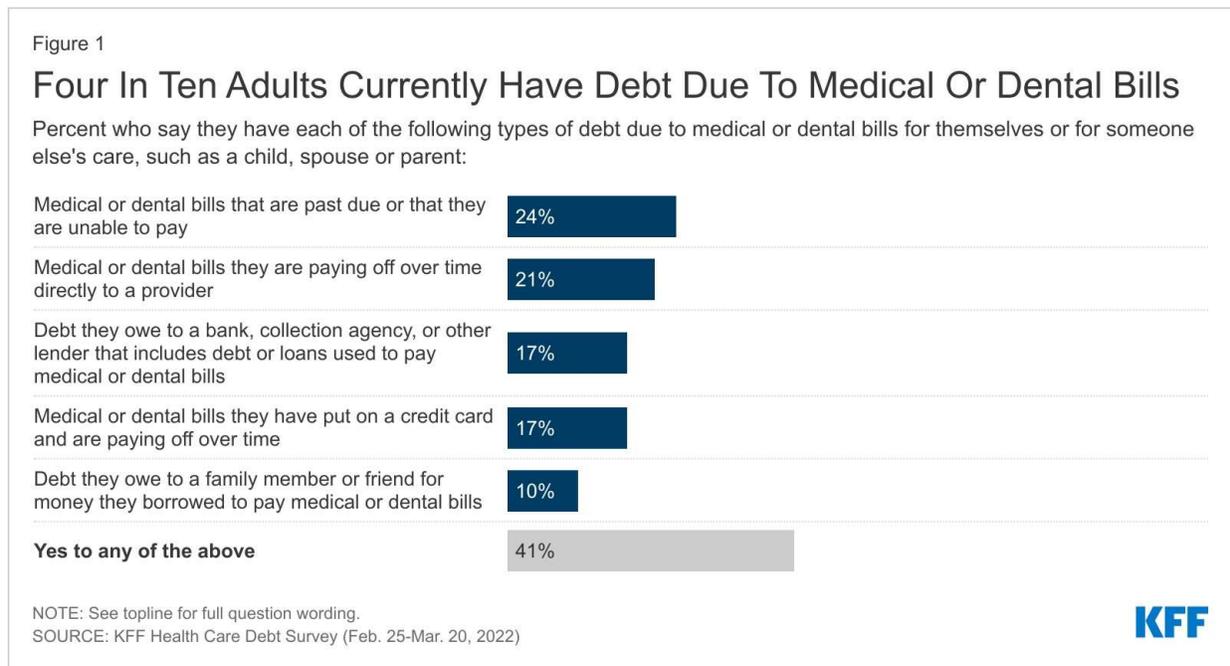
⁹ Census Reporter profile for Wayne County, MI. (2022). <https://censusreporter.org/profiles/05000US26163-wayne-county-mi/>.

¹⁰ Kellermann, A. (2023, October 26). Americans can have better health at lower cost. Here's how. Forbes. <https://www.forbes.com/sites/arthurkellermann/2023/10/26/americans-can-have-better-health-at-lower-cost-heres-how/>.

¹¹ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

¹² Peterson-KFF Health System Tracker. (2024, February 12). *The burden of medical debt in the United States*. <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/>.

¹³ U.S. Census Bureau. (2021). *Wealth and asset ownership*. <https://www.census.gov/data/tables/2021/demo/wealth/wealth-asset-ownership.html>.



Medical debt is not evenly distributed. Like too many of the health and economic consequences of our broken healthcare system, it falls upon the poorest and most marginalized people. More than half (57%) of adults with household incomes below \$40,000 report holding medical debt—though one in four (26%) adults with household earnings above \$90,000 also report medical debt.¹⁴ Uninsured adults also have much higher rates of medical debt than the insured, although 44% of insured adults still have medical debt, showing the depth of the medical debt epidemic.¹⁵

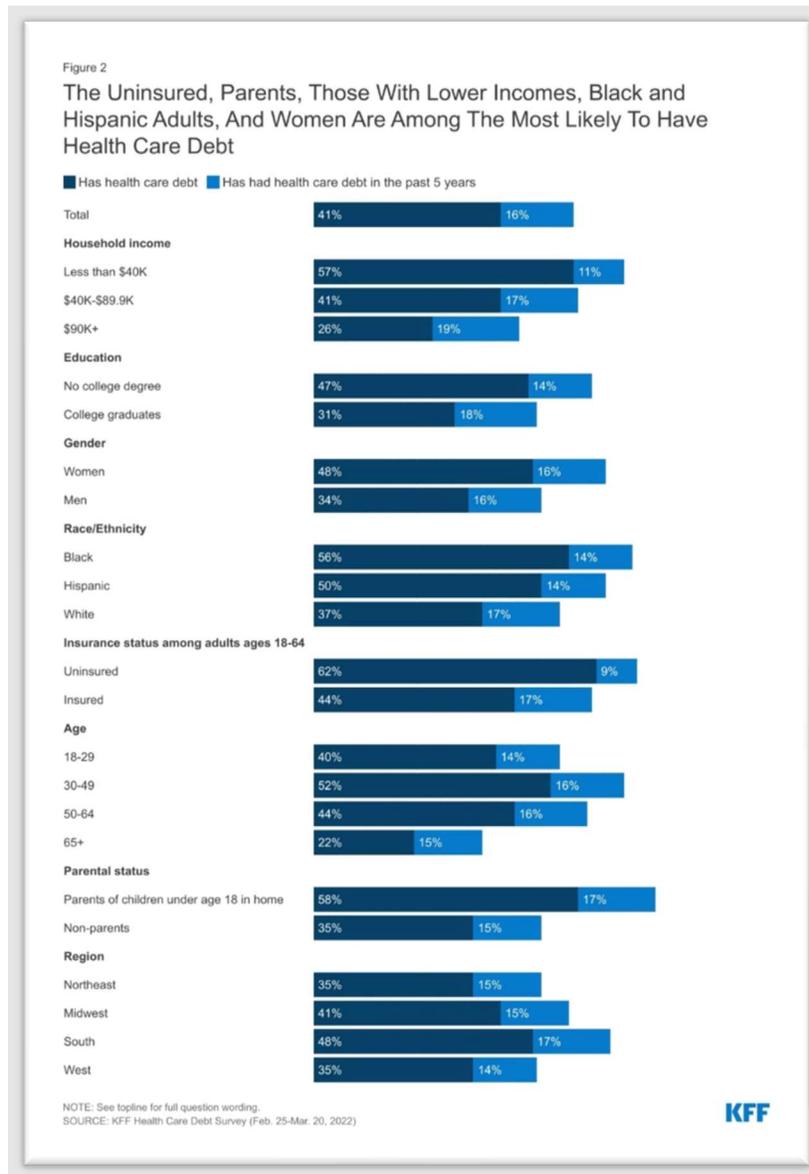
Differences also exist across gender, race, and ethnicity. Almost half of all women report some level of medical debt compared to about a third of men (48% to 34%). More than half (56%) of Black and half of Hispanic (50%) adults report medical debt compared to 37% of White adults.¹⁶ Level of education, age, parental status, and geography also predict levels of medical debt.¹⁷

¹⁴ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

¹⁵ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

¹⁶ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

¹⁷ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.



About one in five adults do not expect to ever be able to fully pay off their debt; these numbers are higher for Black adults (24%), adults with household incomes below \$40,000 (26%), and the uninsured (25%).¹⁸

What drives medical debt? High costs and porous coverage.

Simply put, medical debt is the direct consequence of the high cost of healthcare and the porous nature of American health insurance coverage.

¹⁸ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

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Nearly three in four (72%) adults have medical debt stemming from a one-time or short-term expense like a hospital visit or accident treatment. The remaining quarter of adults report medical debt accumulating over time, usually stemming from treatment for chronic illnesses.¹⁹

Lab fees, diagnostic tests, doctor's visits, emergency care, and dental care are some of the leading causes of medical debt. Approximately 59% of adults with medical debt attribute some of their bills to lab fees or diagnostic tests, while 56% cite bills from doctor visits. Emergency care causes debt for 50% of adults with debt, emphasizing how sudden medical events can lead to financial strain.²⁰ Dental bills are another significant contributor, with 49% of adults reporting them as a cause of their health care debt.²¹ Surprisingly, even those with dental insurance, which often has coverage limits, can still face debt from dental expenses; among those affected, 60% had dental coverage at the time. Adults over the age of 65 are more likely to have debt stemming from dental care because Medicare does not provide dental coverage.²²

Medical debt is often shared. A third of all adults with medical debt had both their own and someone else's bills contribute to their debt.²³

¹⁹ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

²⁰ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

²¹ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

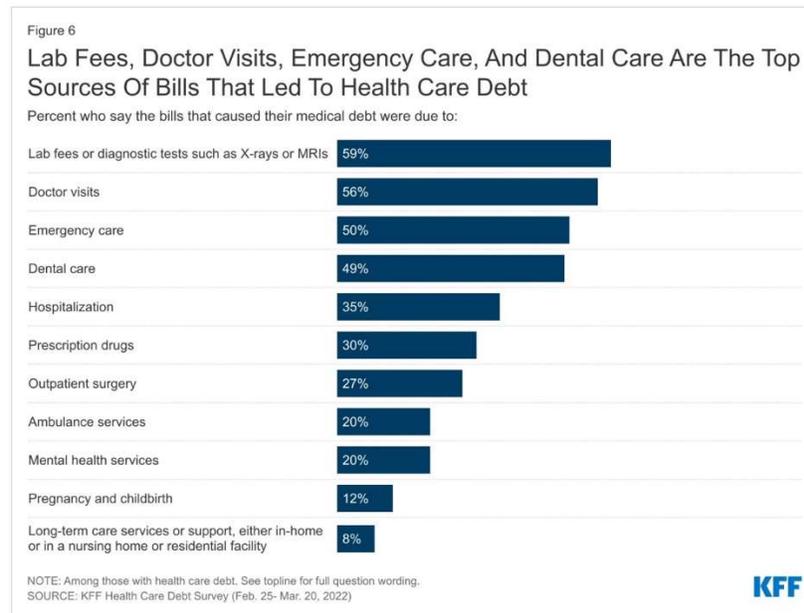
²² Freed, M., Ochieng, N., Sroczynski, N., Damico, A., & Amin, K. (2021, July 28). Medicare and dental coverage: A closer look. Kaiser Family Foundation. <https://www.kff.org/medicare/issue-brief/medicare-and-dental-coverage-a-closer-look/>.

²³ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

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Rising costs.

The rising cost of healthcare in America is a key factor in the accumulation of medical debt. As of 2022, the U.S. spent an astonishing \$13,493 per capita on healthcare—that’s up from \$10,739 in 2017, a 26% increase.²⁴

Why do healthcare costs keep rising? Because healthcare corporations make more profit when they do. For providers’ part, they make more money when they bill more. Meanwhile, hospital acquisitions and mergers continue to increase market power.²⁵ And in one study regarding the consequences of hospital mergers and acquisitions for prices, they found price hikes as high as 20% following consolidation.²⁶

Porous coverage.

For their part, while individual insurers may face some pressure to negotiate prices downward, they lack the overall market power to do so. Rather than act on behalf of consumers, they have chosen instead to create ways to pass the costs on to patients through “cost-sharing” in the form of deductibles, co-pays, and co-insurance.

²⁴ Centers for Medicare & Medicaid Services. (2024). Historical national health expenditure data. <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/historical>.

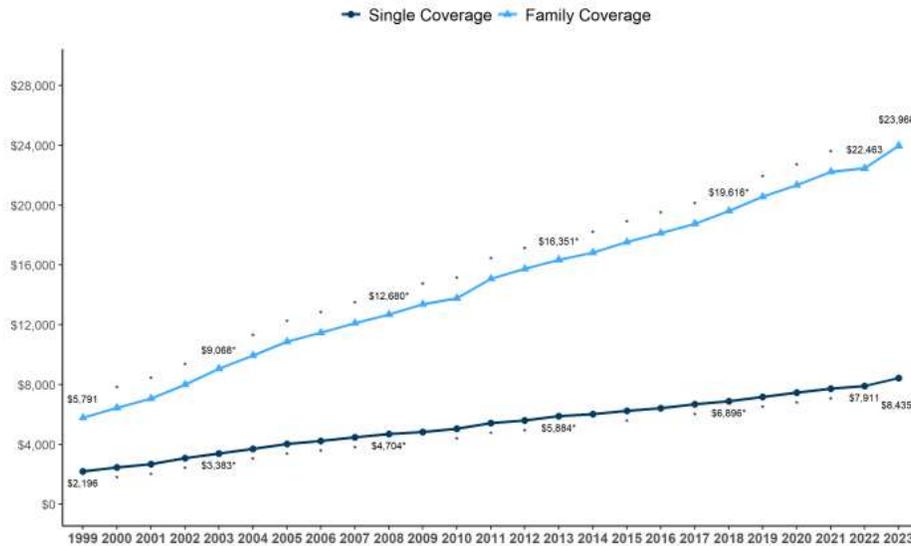
²⁵ Japsen B. “Hospital mergers just keep getting bigger.” *Forbes*. January 17th, 2022.

<https://www.forbes.com/sites/brucejapsen/2022/01/17/hospital-mergers-just-keep-getting-bigger/?sh=7968318975bc>

²⁶ Martin Gaynor and Robert Town, “The Impact of Hospital Consolidation—Update,” Synthesis Project, Robert Wood Johnson Foundation, 2012. https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2012/rwjf73261.

That’s on top of premiums, another large driver of increasing healthcare costs. Premiums — what we pay every two weeks or month just to have insurance—have grown faster than wages and inflation.²⁷ The average family premium stands at \$23,968, over \$6,000 of that is coming out of family, not employer, pockets.

Figure 1.12
Average Annual Premiums for Single and Family Coverage, 1999-2023



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).
SOURCE: KFF Employer Health Benefits Survey, 2018-2023; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

The median household income in 2022—the latest available year of data—was around \$75,000.²⁸ This means families are spending around 8% of their income on premiums.

Taken together, families are paying nearly one out of every \$12 they make to have insurance—and then facing the risk of an additional \$3,800 or more in deductible costs to use their health insurance. Deductibles have more than doubled over the past decade, and these deductibles hit the poorest families hardest. Low-income families who are ineligible for Medicaid are often forced into high-deductible health plans—meaning that the same families who can’t afford their health insurance are the ones hit by the highest out-of-pocket costs.

All of this demonstrates how rising costs increases the proportion of costs foisted onto Americans by their insurers in the form of deductibles and other out-of-pocket costs, yielding more porous, less dependable coverage—and driving medical debt.

²⁷ Kaiser Family Foundation. (2023). 2023 Employer Health Benefits Survey - Section 1: Cost of Health Insurance. <https://www.kff.org/report-section/ehbs-2023-section-1-cost-of-health-insurance/>.

²⁸ U.S. Census Bureau. (2023). Income in the United States: 2022. <https://www.census.gov/library/publications/2023/demo/p60-279.html>.

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Insult to injury: The health and financial consequences of medical debt.

Medical debt is a health hazard, leading to healthcare discrimination or delayed care. Fifteen percent of adults with medical debt report being denied care by a provider due to their debt and eight in 10 adults with medical debt report skipping or delaying care or medications due to cost.²⁹ One study found that high deductibles delayed treatment for breast cancer by nearly nine months.³⁰

Medical debt is about more than healthcare. It has wide-ranging consequences for individuals, families, and the economy overall. About 63% of adults experiencing medical debt in the past five years report cutting back on food, clothing and other basic household needs to pay down debt.³¹ About half of people with medical debt have used up all or most of their savings and 41% have increased their credit card debt for other purchases. Many also report taking on second and third jobs, skipping or delaying paying other non-medical bills, and changing their living situations.³²

²⁹ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

³⁰ J. Frank Wharam et al., “Vulnerable and Less Vulnerable Women in High-Deductible Health Plans Experienced Delayed Breast Cancer Care,” *Health Affairs* 38, no. 3 (March 1, 2019): 408–15. <https://doi.org/10.1377/hlthaff.2018.05026>.

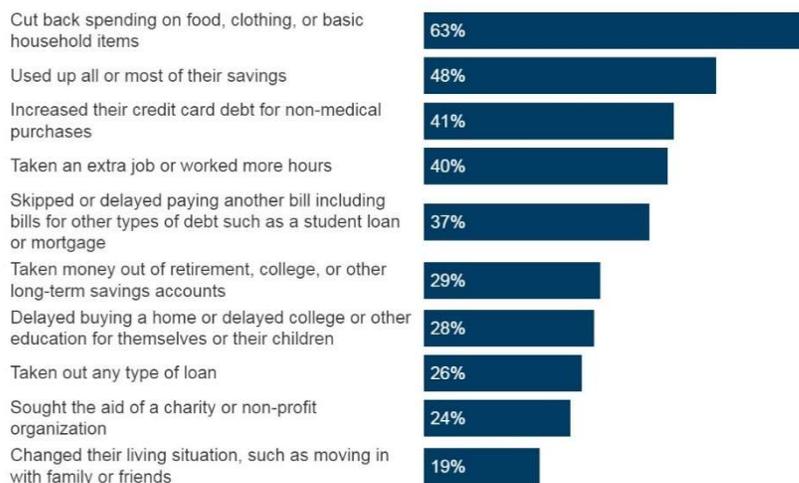
³¹ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

³² Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

Figure 9

Six In Ten Adults With Health Care Debt Say They Or Their Household Has Had To Cut Back Spending On Basic Necessities To Pay Down Debt, Half Have Used Up Their Savings

Percent who say in the past five years, they or someone else in their household has...as a result of their health care debt:



NOTE: Among those with health care debt. See topline for full question wording.
SOURCE: KFF Health Care Debt Survey (Feb. 25-Mar. 20, 2022) • PNG



Medical debt can level credit scores while hastening bankruptcy, foreclosure, or eviction. The impact on credit scores, in particular, is profound. These are often a passport to a sound financial future—buying a car or home, for example. Even when those with debt qualify, they pay the costs over the long-term in the form of higher interest rates. This portends a vicious cycle of increasing debt, worsening credit scores, and deeper financial stress. Almost half of all adults with medical debt have been contacted by a collections agency in the past five years, some even being sued by providers. Importantly the probability of being sent to a collection agency is higher for Black Americans, at 66%.³³

Several studies have demonstrated the impact of medical debt. One examination of 2,943 U.S. counties found that higher rates of medical debt predicted poorer physical and mental health, more life years lost, and higher mortality rates.³⁴ Multiple studies have also found increases in

³³ Kaiser Family Foundation. (2022, June 16). *Health care debt in the U.S.: The broad consequences of medical and dental bills*. KFF. <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.

³⁴ Han, X., Hu, J., Zheng, Z., Shi, Z., & Yabroff, K. R. (2024). Associations of medical debt with health status, premature death, and mortality in the US. *JAMA Network Open*, 7(3), e2354766. <https://doi.org/10.1001/jamanetworkopen.2023.54766>.

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credit scores after the removal of credit debt.^{35,36} A recent economic working paper found that allowing medical debt to languish limits the impact of debt relief³⁷ suggesting that early action, prior to transfer of debt from providers to collections agencies may be most beneficial.

While the consequences of medical debt to individuals and families is bad enough, we must also consider the broader, societal-level impacts as well. Americans with medical debt—with their credit score ruined, their savings drained, their family evicted—are denied equal participation in our economy. Each represents an American who, by circumstance of daring to seek medical care they couldn't afford, may not be able to buy a home, buy a car, or open that business. When nearly 15% of the population finds themselves in that circumstance, there emerges a collective, staggering macro-economic impact. Toward that end, addressing medical debt represents a public responsibility for policymakers interested in insuring the financial welfare of their communities.

Relieving medical debt for Wayne County residents and beyond.

In response to these concerns, County Executive Warren C. Evans made alleviating medical debt and expanding healthcare access a primary goal for Wayne County. Accordingly, in March of 2024, we announced a program in partnership with Undue Medical Debt (formerly RIP Medical Debt) to relieve medical debt for qualifying residents, which includes those earning less than 400% of the federal poverty level or those whose debt exceeds 5% of their annual income.³⁸ To support the program, we braided funding that originated through the American Rescue Plan Act (ARPA) with local funding to support healthcare for indigent residents to relieve debts totaling up to \$700 million.³⁹

Undue Medical Debt (UMD) recognizes a fundamental truth at the heart of medical debt: Medical debt does not retain its value over time. Rather, though the nominal value to debtholders may grow with time as interest accrues, the real value of that debt actually *falls* with time after non-payment. UMD works with local hospitals and healthcare providers to purchase their debt for the real value of that debt, rather than the nominal cost. That allows them to buy medical debt

³⁵ Karpman, M., & Zuckerman, S. (2023, November 16). Medical debt was erased from credit records for most consumers, potentially improving many Americans' lives. Urban Institute. <https://www.urban.org/urban-wire/medical-debt-was-erased-credit-records-most-consumers-potentially-improving-many>.

³⁶ Consumer Financial Protection Bureau. (2023, April). Data point: Consumer credit and the removal of medical collections from credit reports. https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-removal-medical-collections-from-credit-reports_2023-04.pdf.

³⁷ Kluender, R., Mahoney, N., Wong, F., & Yin, W. (2024). The effects of medical debt relief. Harvard Business School Working Paper.

³⁸ Michigan Advance. (2024). "Program aims to eliminate \$700M in medical debt for Wayne County residents." <https://michiganadvance.com/2024/03/07/program-aims-to-eliminate-700m-in-medical-debt-for-wayne-county-residents/>.

³⁹ Michigan Advance. (2024). "Program aims to eliminate \$700M in medical debt for Wayne County residents." <https://michiganadvance.com/2024/03/07/program-aims-to-eliminate-700m-in-medical-debt-for-wayne-county-residents/>.

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for pennies on the dollar—allowing our county to purchase upwards of \$700 million in medical debt for just \$7 million. Whereas many relief programs require debtholders to apply for eligibility, UMD’s program operates in the background without debtholders having to jump through bureaucratic obstacles to benefit.

Wayne County’s initiative builds on efforts by other states and municipalities across the country that have used public funds to purchase and forgive large sums of medical debt. This approach has garnered significant public support, with a 2022 YouGov poll indicating that two-thirds of Americans favor government relief specifically for medical debt.⁴⁰ The program represents a proactive step towards addressing systemic financial challenges worsened by healthcare costs, providing meaningful relief to affected residents, and restoring financial stability within the community.

Others leading similar efforts include New York City announcing it would eliminate more than \$2 billion in medical debt for up to 500,000 residents over the next three years⁴¹, the state of Connecticut vowing to cancel roughly \$650 million in medical debt for an estimated 250,000 residents this year⁴², Cook County in Illinois successfully acquiring and abolishing \$281.3 million in medical debt to benefiting 158,541 residents,⁴³ and many others doing similar work.

In addition to cancelling medical debt, there is a growing support for various other medical debt relief policies and measures in attempt to ease its burdens. Examples include Illinois⁴⁴ and Oregon⁴⁵ passing legislation mandating hospitals to play a more proactive role in reducing medical debt by assessing patients for financial assistance eligibility. Colorado made history as the first state to prohibit the inclusion of medical debt information on consumer credit reports.⁴⁶ Other efforts involve implementing bans on aggressive medical debt collection practices such as wage garnishment or placing liens on property.⁴⁷

⁴⁰ YouGov. (2022). "Types of Debt Americans Want Government Relief From."

<https://today.yougov.com/economy/articles/43713-types-debt-americans-want-government-relief-from>.

⁴¹ NYC.gov. "Canceling medical debt for New Yorkers."

<https://www.nyc.gov/content/getstufdone/pages/canceling-medical-debt-for-new-yorkers>.

⁴² CNN. (2024). "Connecticut to cancel \$650 million in medical debt for residents."

<https://www.cnn.com/2024/02/02/politics/connecticut-cancel-medical-debt/index.html>.

⁴³ Cook County Government. (2023). "Cook County Medical Debt Relief Initiative abolishes over \$280 million in medical debt." <https://www.cookcountyil.gov/news/cook-county-medical-debt-relief-initiative-abolishes-over-280-million-medical-debt-cook-county>.

⁴⁴ McDermott Will & Emery LLP. (2023). "New Illinois protections against patient medical debt may also help reduce hospital bad debt." <https://www.mwe.com/insights/new-illinois-protections-against-patient-medical-debt-may-also-help-reduce-hospital-bad-debt/>.

⁴⁵ Oregon Capital Chronicle. (2023). "Lawmakers pass bill to help Oregonians pay for hospital care."

<https://oregoncapitalchronicle.com/2023/04/21/lawmakers-pass-bill-to-help-oregonians-pay-for-hospital-care/>.

⁴⁶ Colorado Newsline. (2024). "Colorado leads on medical debt protections."

<https://coloradonewsline.com/2024/03/11/colorado-leads-on-medical-debt-protections/>.

⁴⁷ Stateline. (2024). "Governments can erase your medical debt for pennies on the dollar, and some are." Available at: <https://stateline.org/2024/02/13/governments-can-erase-your-medical-debt-for-pennies-on-the-dollar-and-some-are/>

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Addressing the fundamental causes of medical debt: Medicare for All.

Medical debt forgiveness is a critical step forward toward addressing the burdens Americans face because of their medical debt. However, as healthcare costs continue to rise, debt forgiveness alone cannot ensure complete protection against future medical debt. We must also seek to address the fundamental root causes of medical debt. Preventing this financial burden demands a multifaceted approach that integrates immediate relief measures with sustained systemic reforms.

As discussed, medical debt is a confluence of high healthcare costs and porous healthcare coverage. Healthcare costs continue to climb as a result of the growing market power of increasingly consolidated healthcare companies pursuing a profit motive. Porous healthcare results from un- and underinsurance with limited coverage or exclusions, and high deductibles and co-pays.

To address the rising costs of healthcare and the increasingly porous nature of healthcare coverage, we need to fundamentally rethink the nature of health insurance in this country. Toward that end, the single best solution to address both rising healthcare costs and porous healthcare coverage is to pursue single-payer health reform, also known as “Medicare for All.”

Medicare for All would address the porous nature of health insurance by guaranteeing universal health insurance coverage from birth. Unlike our current private insurance-based system, where beneficiaries can lose their coverage for changing jobs, getting married, getting divorced, turning 26, or because an employer chooses to change its health insurance carrier, Medicare for All is durable to all of life’s twists and turns. More importantly, unlike the current system with its tiers of coverage with out-of-pocket liabilities that get worse with the quality of insurance, Medicare for All would offer a single plan for everyone—without the medical debt catastrophe that is the today’s deductible or co-pay. Toward that end, with all costs covered for all people, medical debt would be virtually eliminated.

But Medicare for All is also critical to addressing our rising national healthcare costs. Under Medicare for All, the federal government would become the only buyer of healthcare on behalf of all of us. With monopsony power to negotiate healthcare costs downward, it would finally be able to lasso costs downward by negotiating on our collective behalf.

Similarly, one of the main drivers of costs in our current system is administrative overhead, higher in our country than in any other country in the world.⁴⁸ Much of that overhead is imposed by the complexity of billing multiple health insurers. With only one insurer that bears no profit motive, we could eliminate some of that cost burden—ultimately reducing the costs born on Americans that show up as medical debt.

⁴⁸ Health Affairs. (2014). “A Comparison of Hospital Administrative Costs in Eight Nations: US Costs Exceed All Others by Far.” <https://www.healthaffairs.org/doi/10.1377/hlthaff.2013.1327>

Dr. Abdul El-Sayed

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Conclusion.

Throughout this testimony, I have sought to describe the circumstances that drove us to action to address medical debt in Wayne County, Michigan. I discussed how the scourge of medical debt is broader than just one urban county in one Midwestern state—but a national problem. And we discussed why the unique confluence of high and growing costs and porous coverage in our country make medical debt a uniquely American problem that affects millions of Americans.

But I'd like to end with the side of the medical debt issue we don't see. And that's the cost in forgone healthcare out of fear of medical debt. When I was diagnosed with bilateral hernias that I would need to repair, I had to think through whether or not I could incur the nearly \$4,600 out-of-pocket costs I ultimately have had to spend since January of this year. Had my circumstances been such that I could not afford to pay that out of pocket, I would have forgone a medically necessary procedure for fear of the costs incurred. That would have left me vulnerable to intestinal incarceration—a medical emergency—or worse.

Millions of Americans make similar decisions every single year: get the healthcare they need and take on medical debt or risk the consequences of not getting the care they need. Should they choose the latter, they tempt the risk of worsening an illness out of fear of worsening financial consequences. But they don't get counted as victims of America's medical debt epidemic—though they may, in fact, be the hardest hit.

Eliminating medical debt is a national imperative. That starts with forgiving the billions of dollars that Americans owe today, while working toward an America where folks aren't forced into the choice between their health or their financial wellbeing tomorrow.