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April 9, 2024

TO: Each Supervisor

FROM: Barbara Ferrer, Ph.D., M.P.H., M.Ed.
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SUBJECT: **REDUCING MEDICAL DEBT IN LOS ANGELES COUNTY THROUGH IMPROVED DATA COLLECTION AND INNOVATIVE STRATEGIES TO RETIRE MEDICAL DEBT (ITEM 3, AGENDA OF OCTOBER 3, 2023)**

On October 3, 2023, the Board of Supervisors (Board) adopted a motion directing County Departments to take on a host of activities aimed at reducing Medical Debt in Los Angeles County. This included 1) directing Public Health and County partners to develop an ordinance requiring collection of data and policies on debt collection and financial assistance from hospitals, 2) directing Public Health and County partners to partner with hospitals operating in the County to identify best practices related to debt collection and financial assistance activities and to post this information publicly, 3) directing Public Health and County departments to report back to the Board with recommendations for further efforts towards reducing medical debt in the County, 4) directing CEO and County partners to report back on the feasibility of purchasing and retiring County residents' medical debt as well as potential funding sources to support this effort, and 5) directing CEO-LAIR and County partners to advocate at the State and Federal levels on certain policies related to medical debt and consumer protections.

Over the last several months, the Department of Public Health (Public Health) led meetings with representatives from the Department of Consumer and Business Affairs (DCBA), Department of Health Services (DHS), Department of Mental Health (DMH), Department of Economic Opportunity (DEO), and Department of Public Social Services (DPSS, and a host of community partners who are members of the Medical Debt Coalition to discuss potential strategies for preventing and reducing the burden of medical debt for LA County residents. This coalition was initially formed in April 2023 after Public Health convened a Community Forum on Medical Debt as well as a meeting with hospital leaders. It includes consumers, nonprofit organizations, hospitals, state government agency leaders, policy experts, and County department representatives. Represented in the coalition are over 40 diverse organizations that provide direct assistance to consumers in the form of health services, patient navigation, legal aid, and advocacy at the local and state level. Since the October 3rd Board motion, the coalition has met and provided suggestions for strategies the County can pursue to address medical debt. This feedback has informed the following report, which briefly provides an update on the County's response to Directives 1 and 2 and then details the recommendations for further County action pursuant to Directive 3. Please note that Directive 4 was addressed in [CEO's Jan 17th, 2024 report to the Board](#).

Directive 1: Direct the Director of the Department of Public Health (DPH) to work with, the Chief Executive Officer (CEO), Department of Consumer and Business Affairs (DCBA), and County Counsel to develop an ordinance within 90 days to require collection of data and policies on debt collection and financial assistance activities from hospitals operating in Los Angeles County (County). This information must be posted publicly and updated regularly on an online dashboard on the Department of Public Health's website with the option to provide printed copies upon request.

Public Health has been working closely with CEO, County Counsel, DCBA and Health Services to develop this ordinance. As part of the development and drafting process we have engaged a wide range of stakeholders including hospital and healthcare systems operating in LA County, legal aid partners, consumer advocates, academic experts, other jurisdictions that have taken similar steps, and other members of our medical debt coalition. Public Health has also held five meetings with the Hospital Association of Southern California (HASC) to discuss and revise the details of the proposed ordinance.

To accommodate additional review and stakeholder engagement, a 60-day continuance for drafting this ordinance was requested. We anticipate bringing the draft ordinance for presentation to the Board soon.

Directive 2. Direct Public Health to work with CEO, DCBA, and County Counsel to partner with hospitals operating in the County to identify best practices related to debt collection and financial assistance activities, including data collection and systems change, and post this information publicly.

Public Health and County partners have met regularly with hospital partners including HASC, Kaiser, UCLA, Cedars-Sinai, Martin Luther King Community Hospital, Adventist and others to gather information about best practices and ongoing challenges with their debt collection and financial assistance activities. In addition, Public Health has sought input from state authorities (HCAI), national experts, and other jurisdictions to identify best practices. These findings have informed the planned work and recommendations outlined in our response to Directive 3 below.

Directive 3a: The identification of additional County policies and practices that can reduce the accumulation of medical debt.

Medical Debt Relief

Background

Medical debt is a critical issue in Los Angeles County. Public Health recently released an update to its report, [Medical Debt in LA County: Baseline Report and Action Plan](#), which found that the total medical debt burden now exceeds \$2.9 billion for LA County resident. This debt affected approximately one in ten adults in 2022, similar to the prevalence of major health conditions such as asthma and diabetes. Medical debt disproportionately affects families with children, lower-income, Latino, Black, American Indian, and Pacific Islander residents, and people with chronic health conditions. More than 25% of uninsured adults experience medical debt and are over eight times more likely to be burdened by medical debt than those with Medicare. Even for residents with insurance, medical costs can quickly add up and lead to significant debt.

Medical debt remains a priority public health issue, as medical debt impeded patients' ability to access necessary care and treatment, creating a cycle of health and financial hardship. Adults with medical debt were over three times more likely to skip or delay needed healthcare, and approximately three and a half

times more likely to delay or not pick up prescriptions compared to those who were not burdened with medical debt. Additionally, adults with medical debt burden were almost two and a half times more likely to experience food insecurity and over three times more likely to experience housing instability.

Recommendation

The single most impactful measure that can be taken to reduce the burden of medical debt, which is carried by approximately 800,000 LA County residents, is the immediate implementation of medical debt relief. Medical debt relief is a proven mechanism in which a non-profit entity, using government or charitable foundation funding, will purchase and retire existing medical debt for pennies on the dollar. This tool has been applied in large jurisdictions across the United States, including Cook County, Toledo, New Orleans, Washington D. C., New York City, and many others. With an investment of approximately \$24 million, the County could abolish nearly the entirety of the medical debt owed by LAC residents. The feasibility of this mechanism was investigated and described in [CEO's Jan 17th, 2024 report to the Board](#). Large scale medical debt relief can dramatically and immediately reduce the burden of medical debt for LA County residents for pennies on the dollar. Public Health recommends pursuing this effort, in conjunction with other upstream prevention, education, and system navigation policies described in this report.

Additional policies and practices that can reduce the accumulation of medical debt

At present, DHS, DPSS, and DMH maintain policies that can help prevent and alleviate medical debt among residents by reducing costs to consumers and increasing health insurance coverage.

Background:

DHS and charity care

Charity care is healthcare provided for free or at reduced prices for patients who cannot afford to pay. Early in 2023, the Board approved an important modification to DHS' Ability to Pay (ATP) program to expand charity care eligibility, offer more generous financial assistance, and revise the cost sliding scale to lower the amounts due for those under 400% of the federal poverty level. The Board of Supervisors has introduced an Ordinance Amendment to the County Code, Title 2 – *Administration of the Los Angeles County Code Relating to the Department of Health Services: Adding Flexibilities in the Director's Ability to Reduce Patient Account Liabilities and Create and Modify Charity Care Policies, and Delegating Authorities Pursuant to Such Amendments* to increase the DHS Director's ability to reduce patient account liabilities and create or modify charity care policies in ways that expand or improve access, without the Board's approval. This would expedite the process for making changes to the charity care (ATP) program so that DHS can more readily comply with changes in the law associated with charity care, stay up to date with best practices and enable flexibility going forward. The Ordinance was adopted at the February 6, 2023 Board Meeting.

DMH and charity care

DMH relies on its Ability to Pay program to minimize clients' out-of-pocket costs, using a State-determined formula to compute annual liability (no costs for most Medi-Cal eligible clients). However, the screening process is sometimes hindered by lack of information and/or cooperation from clients in both directly operated and contracted provider settings, which can lead to excessive out-of-pocket costs and possible financial strain for clients who would otherwise qualify for the program. DMH has found that clients who might be eligible for Ability to Pay resources are sometimes not receiving them.

To address this issue, DMH plans to train staff to follow each step more closely in the existing Financial Screening process using the recently updated Financial Screening Manual and associated training module.

In addition, they plan to ensure programs and clinics have the resources needed to enroll patients in Medi-Cal. In cases where clients do not qualify for full-scope and zero-dollar liability, financial screening staff may be able to help them reduce their share of medical costs if there is a therapeutic need for this assistance.

DPSS - Medi-Cal Health Coverage

Having health insurance can minimize increasing medical debt. DPSS processes, on average, 44,542 Medi-Cal applications and over 182,000 renewals per month, providing health insurance coverage to County residents. To assist applicants and beneficiaries, DPSS can promote strategies to help Medi-Cal beneficiaries to maximize the benefits or programs available to them through their website and other communications channels:

Retro-Medi-Cal: Applicants with unpaid medical expenses can request that Medi-Cal provide retroactive coverage of medical expenses incurred up to 90 days prior to the application.

Ways to reduce Share of Cost (SOC): The SOC is the amount of money an individual must pay monthly to cover health care services, before Medi-Cal will begin to pay (similar to a deductible). It is possible for Medi-Cal members to reduce their SOC in various ways by purchasing supplemental health, dental, or vision insurance, or to be eligible for the 250% Working Disabled Program or the Spousal Impoverishment Program.

While DPSS continuously assesses clients' eligibility for the two programs, at any point, a review can be requested by an applicant.

Patient co-pays

Even relatively small out-of-pocket costs for patients can be onerous, add to medical debt burden, and serve as disincentive for care-seeking.

Recommendation

Public Health, DHS, and DMH should evaluate the impact of patient charges, co-pays, and any share of costs and where possible, consider eliminating them entirely, especially for primary and preventative care services.

Directive 3b: Identification of strategies to reduce the accumulation of medical debt in all health care facilities

Background

Public Health has identified key strategies to prevent medical debt in all health care settings. These strategies include promoting billing transparency and accessible patient navigation, educating consumers about insurance coverage limitations, and warning consumers about the risks of medical and dental credit cards.

Medi-Cal beneficiaries

The Managed Care Plans (MCP) and DPSS can increase their efforts to ensure that beneficiaries understand the services covered by Medi-Cal. For example, both groups can improve the communications materials on their websites to better educate beneficiaries about their coverage, including billing and share of costs, coverage limitations, regular updates from insurers and providers, and the process for appealing a coverage denial. While a manual on covered services, deductibles, and other information is currently

provided when enrolling in a managed care plan, more streamlined and succinct education materials could help guide new beneficiaries to select the best plans for their specific needs. These resources should be readily available in both electronic and hard copies in all threshold languages and include a telephone number for follow up inquiries. Providing beneficiaries with a simplified and accessible overview at plan enrollment will help overcome the challenge of lengthy, difficult to understand insurance policies.

Consumers with Medicare and private insurance

County departments and partners with consumer facing outreach programs can identify, promote, and distribute available resources that help Medicare and private insurance holders to make informed decisions about their healthcare expenses and minimize surprise bills. Such materials can include information on healthcare coverage including limitations, cost-sharing, and tips for deciphering an explanation of benefits or medical bills.

Dental services

Dental debt is a very complex issue and will require a multi-pronged approach to address. A recent survey conducted by the Public Health Oral Health Program (OHP), revealed that 30% of Medi-Cal recipients remain unaware that they also have dental care coverage. For consumers who are Medi-Cal beneficiaries, it is important to promote the utilization of the [Smile CA](#) website to locate dentists near them and to obtain a list of [covered services](#) for members. For those who do not meet the eligibility requirements, OHP promotes the use of low cost and no-cost [dental care resources](#) and by calling 211.

Often patients do not know what their dental insurance covers. It is imperative that consumers understand the cost of receiving dental treatment, what their insurance will cover and their estimated out-of-pocket cost. Senate Bill 1008, passed in 2018, directs dental insurers in California to fully and fairly disclose the provisions of insurance plans. In addition, SB 1008 requires dentists to provide patients with a written treatment plan, estimated cost of each service, and whether the patient's insurance will cover the cost. OHP will continue to advocate for this information to be provided in multiple languages and in plain terms, and also for patients to receive clearly organized information explaining their covered dental benefits in readily understood language. OHP will continue to prioritize promoting consumer awareness of the right to accept only covered services (detailed in Medi-Cal's [Member Handbook](#) "Your Rights and Responsibilities" section).

Medical and Dental credit cards

Medical and dental credit cards are often presented as an option for consumers to spread out the cost of a large bill into smaller monthly payments. It is common for these cards to welcome applicants with low credit scores and offer an enticing zero percent introductory interest rate. Faced with the inability to otherwise pay upfront for a costly procedure, the consumer enters into these agreements without weighing the financial risk, including deferred interest charges, complex repayment terms, long-term harm to credit scores, and the accumulation of additional debt. Often consumers are left with a debt that surpasses what they initially borrowed. In many cases, unbeknownst to the individual, alternatives such as private bank loans or regular consumer credit cards will offer less risk and more desirable terms.

Recommendation

Warn consumers about medical credit cards: With additional resources, Public Health can collaborate with the DCBA Center for Financial Empowerment to develop and provide consumer education on the risks of using medical credit cards and available alternatives worth exploring.

Directive 3c: The identification of strategies to alleviate medical debt burden such as working with Medi-Cal managed care plans to educate members on coverage limitations for seeking emergency, specialist and out of network care that might result in an unexpected medical bill

Background

Disproportionate medical debt among Medi-Cal beneficiaries

Public Health found that Medi-Cal beneficiaries have substantial rates of medical debt. Despite Medi-Cal's comprehensive coverage with minimal out-of-pocket fees, beneficiaries still struggle with healthcare-related expenses. Public Health is working with L.A. Care to learn about the sources of Medi-Cal enrollees' medical debt. Enrollees with past or current medical debt will be interviewed to understand the causes of their debt. Public Health and L.A. Care will use these findings to develop strategies to prevent and reduce medical debt and share them with all Medi-Cal Managed Care Plans in LA County.

Directive 3d: Recommendations for improving financial assistance eligibility assessment, applications, awareness, and overall policies to reduce the accumulation of medical debt among patients and simplify administrative burdens.

Background

Public Health has identified three primary concerns and barriers hindering patient access to financial assistance: inaccessible applications and policies, eligible patients not receiving aid that they are eligible for, and insufficient access to financial assistance resources.

Hospital Financial Assistance

Hospital financial assistance (FA) programs offer free (charity care) or discounted healthcare to eligible patients based on their financial need. Nonprofit hospitals in the U.S. must offer this assistance to maintain tax-exempt status. In California, Assembly Bill (AB) 1020, the Hospital Fair Billing Act, first took effect in January 2022 and was fully implemented in January 2024. The law aims to enhance and streamline financial assistance. It obligates hospitals to extend charity care or discounts to insured patients with high medical costs or uninsured patients who earn up to 400% of the Federal Poverty Level. High medical costs are defined as out-of-pocket costs that exceed 10% of the patient's monthly income or income in the prior twelve months. It also requires hospitals to:

- Wait at least 180 days after the billing date before initiating collections.
- Add a "help paying your bill" button to their home webpage that links to financial assistance documents, such as policies, applications, and billing practices.
- Provide clearly defined and easy to navigate patient complaint processes for telephone, written, and web-based complaints.
- Ensure patients receive contact information for the [Health Consumer Alliance](#), a consumer advocacy organization that provides free legal advice and assistance with medical bills, by prominently displaying it on printed billing forms, financial assistance documents, and discharge notices, as well as posting the information on facility webpages.
- Provide all financial assistance documents in a legible format in relevant languages.

Areas needing improvement

Despite recent enhancements to existing law, improvements to Hospital Financial Assistance practices and processes are still needed, including the areas detailed below.

1. Financial Assistance Application and Policy Inaccessibility

Lack of Clarity: There is an absence of consensus guidelines for hospital financial assistance, which leads to confusion among applicants about eligibility criteria and the application process. Furthermore, the application process can be burdensome and unclear, leading to patients not completing a hospital's financial assistance process. Complex financial assistance processes may also lead to delays in processing applications and excess staff burden for hospitals.

Lack of Standardization: Hospital financial assistance policy and billing workflows lack standardized procedures and qualifying criteria across all hospitals. Examples of these variations include differing income verification, asset disclosure, and expense breakdown procedures. These variations add to the time needed to train patient navigators to help patients work through the full universe of hospital financial assistance policies and procedures.

Limited Application Formats: Most hospitals do not offer an online portal or a phone-based option for patients to submit their financial assistance applications, instead requiring patients to submit applications by mail, fax, or in-person. A lack of convenient application pathway creates significant barriers to patients submitting applications and may delay financial assistance determinations.

Language Barriers: There is limited availability of financial assistance policies and applications in languages other than English, which is a substantial barrier to equitable access for patients.

2. Eligible Patients Not Receiving Financial Assistance

Delayed Identification of Eligible Individuals: Existing financial assistance practices for identifying eligible individuals vary across hospitals, and often lead to delays in identifying individuals eligible for financial assistance. Were hospitals to adopt uniform presumptive eligibility practices and criteria, this would remedy this barrier.

Unnecessary data collection: Applicants are often required to provide excessive information, which discourages eligible patients from completing the application. Some of the patients most vulnerable to medical debt do not have the required financial documents, such as tax returns, bank statements, etc.

3. Inadequate Access to Financial Assistance Resources

Possible lack of information dissemination: Many individuals may not be aware that all hospitals are required to offer financial assistance programs and that they may be eligible for this aid. The increased notice of availability of financial assistance required by AB 1020 may improve public awareness of these resources.

Limited outreach to vulnerable populations: Populations most vulnerable to medical debt, such as low-income communities or those with limited access to healthcare information, may not be reached effectively through current hospital outreach efforts. Greater engagement and education, beyond just distribution of printed materials, is needed.

Limited hospital billing office resources: Many hospital frontline and billing office staff may not be able to inform patients about financial assistance options or help them with applications. A lack of sufficient capacity can limit staff ability to engage patients on these resources. In addition, many hospital billing and financial staff are not located on site which can result in missed opportunities to connect patients with available resources.

Limited online presence: Despite new requirements in State law, some hospitals provide only limited information about financial assistance on their websites. This may result in potential beneficiaries of financial assistance missing out on critical details.

Recommendations

Create a model application and policy for all LA County Hospitals.

Public Health is working with coalition partners to develop a model financial assistance policy and application that could be made available for hospitals in LA County to customize or adopt into their existing systems to reduce variation and thus enhance efficiency and equity. This would simplify the financial assistance process, ensure consistent qualification criteria, and increase the accessibility of financial assistance for those who are eligible. The model application should be available in all threshold languages. The key goals of this strategy are to remove barriers and provide a simplified, uniform system that enables eligible patients to receive financial assistance and needed healthcare with ease.

Promote automated verification: Automated application management systems can streamline patient navigation and workflows. These systems provide key financial information, including Medi-Cal eligibility. Automating the submission of this information speeds up the process, minimizes the burden for patients in applying for financial assistance, and can ensure fairer and more accurate eligibility determinations. Hospitals should be encouraged to use automated application management systems for financial assistance processes.

Promote presumptive eligibility: Presumptive eligibility is a policy option that enables hospitals to pre-emptively provide financial assistance to individuals who are likely to qualify. This would allow patients to access healthcare services immediately, while hospitals conduct a more thorough eligibility assessment if necessary. The County will promote the incorporation of presumptive eligibility as standard practice into financial assistance programs to foster swift identification and support for eligible patients.

Promote community and facility collaboration: Public Health plans to work with hospitals and advocacy organizations to enhance existing financial assistance support services, including community education, direct outreach about financial assistance, and active navigation help. Embedding patient navigation services within both existing community outreach programs and hospital financial assistance offices ensures a comprehensive approach to support those in need.

Develop an online financial assistance application portal:

If new resources were identified, Public Health could lead the implementation of an online financial assistance application portal, in partnership with hospital partners. This centralized web-based access point could help ensure that LA County residents have a streamlined financial application process where they can either submit a model application for participating hospitals institutions or be directed to the various pathways for hospitals that do not adopt a model application. In aggregate, hospitals in LA County spend only 1.2% of their expenses (approximately \$425 million annually) on patient financial assistance. However, this ratio varies dramatically between hospitals with some spending much more and others significantly less, though this ratio of financial assistance to expenses varies by a degree of 10-100 times between hospitals. Small improvements in financial assistance can have large returns for patients and hospitals and would help address the medical debt burden for County residents. To implement this proposal, Public Health recommends funding two temporary staff positions to develop and maintain the application portal and system, build and maintain databases, create visualizations, manage quality improvement, and perform data analysis. Please see more information in the Proposed Budget section of this report.

Directive 3e: Assessment of available free and low-cost Legal Resources that provide legal representation for medical billing disputes; debt negotiation and reduction; and to protect against aggressive debt collection practices. The assessment should include the feasibility of partnering, scaling, and/or the development of new programming.

To assess available legal resources for residents facing medical debt, Public Health and DCBA engaged with legal aid organizations that provide a range of services, including providing free and low-cost legal representation and counsel for medical billing disputes, aiding with debt negotiation and providing protection from aggressive collection practices.

Background

In Los Angeles County, when a medical debt case reaches civil court, 100% of plaintiffs are represented by an attorney, while fewer than 10% of defendants have legal representation. Consumers are left to stand alone and defend themselves, even though they may not understand the reason they are being sued or know how to navigate a courtroom or present the nuanced information needed for their defense. While there are some resources available to help consumers, they may not be aware of these limited options. A small network of legal aid organizations in Los Angeles County provides legal representation and advocacy to consumers struggling with medical debt and healthcare access.

The [California Health Consumer Alliance \(HCA\)](#), a statewide resource for healthcare legal aid, is a partnership of community-based legal services organizations that provides free help to people struggling with a range of problems related to healthcare coverage and access, billing issues, and medical debt.

Neighborhood Legal Services of Los Angeles County (NLSLA) is HCA's direct service partner and the lead healthcare legal aid organization in Los Angeles County. Through their Health Consumer Center, NLSLA works closely with other legal aid providers, including Bet Tzedek Legal Services (Bet Tzedek), Public Counsel, and the Center for Health Care Rights (CHCR) to get consumers needed legal support, advocacy, financial navigation, and defense. All services are language accessible and offered pro bono (free of charge) to the clients. In most cases there are no income ceilings. Clients must be LA County residents.

Funding constraints prohibit NLSLA from directly representing undocumented consumers. Via seamless referral, undocumented residents are actively referred to Bet Tzedek or Public Counsel, which do not have similar constraints, for representation and litigation defense and to [Maternal Health Access](#) for advocacy and navigation.

Legal aid organizations provide a broad range of services related to medical debt and healthcare access, including the following areas:

- **Coverage and service denials** – Both attorney and non-attorney staff assist clients with coverage and healthcare service issues and denials for private and public insurance coverage, including employer insurance, Covered CA, Medi-Cal, and Medicare.
- **Medi-Cal/Medicare enrollment** – While clients are referred to community partners for direct enrollment, they are counseled on all available healthcare options for which they are eligible. Legal aid staff navigators assist with parts of the enrollment and redetermination process by emailing documents to case workers and helping clients to update information and show proof of eligibility.

- **Billing Disputes** (e.g., billing errors, fraudulent claims, denial of charity care, etc.) – Legal aid providers offer robust support for clients in resolving billing disputes, ranging from working directly with the healthcare provider, filing complaints and requests for an independent medical review to the CA Department of Managed Health Care.
- **Debt negotiation and reduction** – Legal aid providers assist with debt negotiation at all phases of litigation – pre-litigation, before the complaint is filed, active litigation, as part of resolving the court case, and post-litigation after a default and lien are filed against the consumer.
- **Debt collection defense and other litigation**– Legal aid providers offer full scope debt collection defense and affirmative actions to resolve debt collection suits.

Growing need for legal aid services related to medical debt

As the COVID-19 Public Health Emergency protections unwind, the volume of medical debt lawsuits is projected to rise significantly. In addition, as the California Hospital Fair Pricing Act (AB 1020) is fully implemented, hospitals will now be required to ensure patients are aware of legal aid services, including the provision that every patient discharge notice must now include the Health Consumer Alliance (HCA) contact information. This widespread distribution of HCA contact information is expected to lead to increased demand for medical debt legal aid services. All HCA inquiries originating from Los Angeles County zip codes are routed to NLSLA’s Health Consumer Center.

Recommendations

Promote awareness of legal aid resources:

County partners and the Medical Debt Coalition will promote awareness of and access to existing legal aid resources and the HCA hotline through websites, consumer-facing outreach, and communications channels (see section 3f for more details).

Expand capacity of legal aid organizations:

Additional funding to expand the capacity of the legal aid organizations to meet increasing demand for advocacy and litigation support will be essential to ensuring that healthcare consumers receive basic protections and fair treatment. Public Health recommends that the County embark on a one-year pilot program contracting with Legal Aid organizations to expand their existing capacity to meet these needs. Such investments could include support to entities like the NLSLA Health Consumer Center. (Please see more information in the Proposed Budget section of this report).

DCBA Legal Services

DCBA continues to explore new partnerships to provide the most vulnerable county residents with access to free or low-cost legal services, providing much needed representation in several in-demand areas of law. The lack of representation, or “justice gap”, suggested earlier in this report is not exclusive to medical debt, but is prevalent in all areas of civil law, disproportionately so for lower-income populations. DCBA has seen initial success in standing up multiple programs through its curated networks of non-profit legal service providers to provide much-needed eviction defense and immigration services for those that would otherwise be unrepresented. DCBA also oversees the continued administration of the County of Los Angeles Self-Help Legal Access Center program, which provides free legal information and resources to constituents seeking to represent themselves in court at nine Los Angeles County Superior Court locations.

DCBA’s long-term outlook is to consolidate its existing programs, and add, as funding allows, other legal services to at-risk residents under a single Access to Justice umbrella, a framework for which was first

introduced to the County Board of Supervisors on [July 15, 2022](#). As the need for most types of legal services far exceeds what is currently available, DCBA proposes that consolidation of these programs will allow for economies of scale, increasing the capacity of partnering legal service providers at a greater rate than through siloed programs in multiple county departments. In addition, the proposed model will facilitate a strategic approach to closing the justice gap for civil representation in the County and create an even playing field between plaintiffs and defendants that lack access to legal resources.

DCBA will look to assess the outcomes of Public Health’s proposed one-year pilot program funding LA County-based legal aid support to determine the best path forward in incorporating services related to medical debt into future Access to Justice program infrastructure.

Directive 3f: Strategies to increase consumer awareness of consumer protection laws related to medical debt collection and accessibility of healthcare resources such as low-cost clinics, public health programs, and health insurance options to empower constituents to make informed healthcare choices and reduce the likelihood of incurring substantial medical debt.

Background

The federal Consumer Financial Protection Bureau (CFPB), California’s Department of Financial Protection and Innovation (DFPI), and the California Health Consumer Alliance (HCA) maintains comprehensive online platforms that provide a variety of information and resources related to low-cost health care resources and medical debt, including simplified infographics and other informative material that assist consumers with understanding their rights and steps they can take to seek out assistance. Compensating for the “Digital Divide,” the HCA also maintains a hotline that provides individualized counseling and legal service referrals in multiple languages. On the local level, Public Health maintains a webpage dedicated to informing constituents about medical debt, providing contact information for local legal service providers and the HCA hotline. Additionally, DCBA provides general debt collection information on its website and provides limited guidance and referrals through its Center for Financial Empowerment (CFE) and its Consumer Counseling Center (CCC), both over the phone and at public-facing counters.

While external resources remain robust, up-to-date, and readily available, DCBA will continue to find and develop new strategies to improve its reach to the most vulnerable County populations by leveraging existing resources and local partnerships to inform and connect consumers to the appropriate information and assistance.

DCBA Consumer Education and Awareness Tools

The CFE and DCBA’s Consumer Protection division will work collaboratively to develop and implement linguistically and culturally sensitive financial education programming and materials designed to educate constituents on a wide range of relevant topics, including how to manage medical expenses, communicate with debt collectors, and effectively dispute erroneous medical bills. Such content would be made available to community partners, local municipal agencies, and other County departments in the form of stand-alone digital toolkits with collateral materials available in threshold languages, resources permitting.

Additionally, CFE will enhance its existing financial planning and budgeting assistance programs to help constituents develop strategies for managing their medical debt while maintaining their overall financial health. These topics will also be included as part of future CFE public engagements, including its annual summit and other relevant virtual and in-person events. By leveraging existing social media platforms and its email database, DCBA can routinely promote awareness and drive consumer traffic to these tools, which will be maintained and updated on dedicated pages within DCBA’s current website structure.

Concurrently, DCBA will collaborate with Public Health's coalition of medical debt stakeholders, including the DHS, DPSS, DMH, DEO, local healthcare providers, community organizations, and managed care plans to identify and promote awareness of available low-cost and/or public healthcare resources. As with the content produced for medical debt, this information will be maintained on the DCBA website and shared, both in-person and over-the-phone in response to constituent inquiries received by the CCC. DEO will also promote awareness and resources via its primary public-facing teams, the County's America's Job Centers of California and the DEO Office of Small Business. DEO will additionally promote these resources via its newsletter and social media channels.

Expand Capacity of Community Service Providers

As defined in the County's American Rescue Plan (ARP) Phase One and Phase Two Spending Plans, DCBA administers a variety of projects that tailor services to those populations most impacted by the COVID-19 pandemic. These programs, further defined below, are designed to bolster the service capacity of local agencies to serve the community. DCBA intends to leverage the work already accomplished with these agencies to identify opportunities to enhance existing services with additional programming focused on medical debt.

Capacity Building for Immigrant-Focused CBOs

This ARPA-funded project, managed by the Office of Immigrant Affairs (OIA) within DCBA, focuses on direct investments in community organizations serving County immigrant residents in the form of two-year capacity-building grants. These investments aim to grow post-pandemic programmatic, fiscal, case management, and fundraising capacity. DCBA will survey this network of grantees and share, as appropriate, the digital toolkits and other DCBA-developed material to be potentially incorporated into select grantee's programming to improve immigrant populations' awareness of rights related to debt collection, availability of low-cost healthcare and options for insurance coverage.

Mobile Services Program

OIA received State and County funding to bring mobile services to immigrants at emergency shelters, community locations, and public events. OIA will ensure that digital toolkits and other DCBA-developed materials are provided to clients served through this project.

Financial Coaching Partnerships

This ARPA-funded project established a network of financial ambassadors to provide financial coaching and debt avoidance services to most residents in-need and impacted by the pandemic, including unbanked, under-banked and those experiencing financial insecurity. The County invested \$1.2 million to expand access to the Financial Coaching Certification Training (FCCT) Program for nonprofit service providers to increase the number of certified coaches who can deliver financial coaching services. CFE will continue its engagement with this network of providers, assessing capacity and incorporating, where feasible, the provision of counseling specific to medical debt, promoting collaboration on referrals and the sharing of resources.

Promote Resources through the Countywide Dispute Resolution Program

Currently, DCBA oversees agreements with eight contracted agencies to perform dispute resolution services as part of its overall administration of the Countywide program authorized and funded through the California Dispute Resolution Programs Act. This law allows counties to fund alternative dispute resolution services from a portion of the filing fees collected in civil court actions. The original agreements, procured by the Department of Workforce Development, Aging and Community Services in 2019, had specific limitations restricting mediation of collection disputes that had already been filed with the courts. With these agreements now administered by DCBA and set to expire this fiscal year (FY 2023-24), the

Department is exploring ways to expand services in the anticipated new agreements to remove the restriction and supplement mandatory outreach deliverables of the contracted agencies to highlight and promote specific types of disputes including medical debt. At minimum, DCBA plans to include and promote mediation of medical debt disputes through its own internal Dispute Resolution Program.

Explore Opportunities to Provide Targeted Outreach and/or Additional Consumer Supports

While DCBA does not have a specific budget allocation, special fund, or dedicated staffing specific to outreach and/or counseling related to medical debt and healthcare resources, the Department will explore ways to utilize general consumer protection and awareness funding in part for these purposes.

Potential strategies include the following:

- Train existing staff or hire/contract with specialists to provide on-the-spot complaint intake and counseling for medical debt issues, including potential referrals to the Dispute Resolution Program or one of DCBA's contracted legal service or mediation providers.
- Conduct targeted awareness campaigns through available outreach platforms at the individual or regional level utilizing Public Health data.
- Conduct targeted awareness campaigns at the census tract level utilizing the County's COVID-19 Vulnerability and Recovery Index.
- Partner with local hospitals and courthouses to maintain a recurring presence of DCBA staff to provide general engagement, which would include resources related to low-cost health care options, insurance, and debt collection.
- Partner with local community organizations to conduct specialized workshops or seminars.
- Negotiate messaging to be included in annual or other periodic enrollments for Covered California, local government benefits, private health insurance, American Association of Retired Persons (AARP) memberships, etc.

Resources Needed to Support Recommendations

Request: Provide medical debt relief

Public Health recommends that the County partner with the leading non-profit entity coordinating medical debt relief, RIP Medical Debt, to forgive approximately **\$2.8 billion** in medical debt for LA County residents. Such relief would require one-time investment of approximately **\$24 million**. As discussed in the CEO's [January 17, 2024 memo to the Board](#), this amount would cover personnel, direct, and indirect costs, in addition to the cost of purchasing and retiring this medical debt. RIP Medical Debt is a 501©3 nonprofit national charity that works directly with healthcare organizations to identify eligible patients for debt relief and calculates the fair market value of qualified medical debt for these accounts. Agreements of non-disclosure and business association are signed with the hospitals. RIP Medical Debt never collects on accounts; instead, they notify patients that their debt has been forgiven and that derogatory marks on credit reports have been removed.

Request: Sustain Public Health capacity

Additional resources are urgently needed to support the Public Health Division of Medical and Dental Affairs, Healthcare Consumer Protection Unit (HCPU), to sustain and expand their efforts to reduce and prevent medical debt among LA County residents. The advocacy for and promotion of the policy recommendations put forward in this report will require the support of new resources. The unit's current capacity, with only one staff (an FTE Health Program Analyst II), is significantly limited. Without further investment, their ability to maintain existing activities and implement the recommendations delineated in this report will be at risk.

Additional staff are recommended for carrying out these directives, providing sustained oversight, and addressing financial barriers to healthcare access.

In early 2023, one-time funds were awarded to HCPU to support the development of an initiative to address healthcare financial harms, including conducting baseline epidemiological research and building community partnerships and engagement. A total of \$305,000 was awarded by three CA foundations (the CA Endowment, CA Wellness, and CA Health Care Foundation). Funds were used to support hiring two program analysts and an epidemiologist. Early achievements include the June 2023 study and the formation of the LA County Medical Debt Coalition of public, private, and community partners. These one-time funds will be exhausted by the end of 2024. If sustainable funding for this team is not secured, it will threaten the continuity of this critical unit's projects and limit their capacity to adequately carry out the Board's directives and manage the increasing workload related to the next priority recommendations.

To achieve the goals in this motion, Public Health will continue to work to request **\$632,000** in ongoing funding in the budgeting process. This investment will allow Public Health to expand the team to include an Epidemiologist to develop, implement, and maintain a medical debt surveillance system and direct applied research analyses related to healthcare access and policy, and track and monitor emerging trends in medical debt to inform policy and program recommendations; a Staff Analyst, who will manage policy development and implementation, ensuring timely and effective execution of Board policy directives, and oversee mandated activities related to medical debt, in addition to serve as the key liaison for County departments and healthcare organizations; and an Assistant Staff Analyst who will provide comprehensive support in the administration and implementation of policy directives related to medical debt and healthcare access. These positions will strengthen Public Health's capacity for analysis, oversight, and engagement with healthcare consumer protection issues.

This is a critical step towards addressing the multifaceted challenges of medical debt in Los Angeles County. By securing the requested funding, the Board will demonstrate its commitment to the health and financial security of residents, ensuring that Public Health has the necessary resources to fulfill its mission.

Request: *Financial assistance application portal development*

Public Health recommends the development and implementation of a web-based portal to enable patients to apply for hospital financial assistance. A single user-friendly online application that is accepted by multiple hospitals will make it simpler for patients to apply for assistance and reduce the administrative burden for hospitals. Residents could use the portal to submit their model application for financial assistance, which would be routed to the appropriate hospital.

At present, Public Health is using one-time grant funding and limited existing resources to identify best practices in financial assistance and build a model financial assistance application. However, there is no existing capacity and existing funds have not been identified to support the development of the portal itself.

A total of **\$528,148** is recommended to fund two 18-month contract positions and to purchase required software. A Principal Application Developer and a Data Scientist would be needed to develop and maintain the application portal and system, build, and maintain databases, create visualizations, manage quality improvement, and perform data analysis. These temporary positions would be needed to implement this project given that current staff do not have the capacity to build the product. Overall management of this project and ongoing support would continue to be led by existing Public Health staff, in addition to ongoing training, technical assistance, site visits, and interfacing with hospitals, community

partners, and consumers. The schedule below provides initial program budget estimates and Public Health will work with the Chief Executive Office in refining program needs and costs. These funds are needed as a one-time investment. Public Health will work to incorporate this additional funding recommendation into the County budget process.

Budget Item – One Time Funding	Budget Request
Principal Application Developer (Salary + EB+ Indirect) - 18 months	\$241,831
Data Scientist (Salary + EB + Indirect) - 18 months	\$231,317
Software	\$55,000
Total Costs	\$528,148

Request: *Expand legal aid services for addressing medical debt*

Public Health recommends expanding the capacity of legal aid providers to meet the increasing demand for services related to medical debt. Funds are requested to contract with a legal aid organization that is dedicated to addressing healthcare or medical debt.

Approximately \$500,000 is recommended to scale up existing services for one full year, to support a staff attorney to oversee medical debt services and debt collection and to represent clients in litigation defense, and three paralegal advocates to provide client counseling, healthcare access support, and medical debt related policy support. In addition, these resources would support part-time positions, including supervisory attorneys, an intake screener, and secretary, as well as non-personnel program administrative costs.

These additional resources are critical to ensure legal aid organizations, currently at capacity, can continue to provide medical debt legal aid services, as demand rises. Public Health will work to incorporate this additional funding recommendation into the County budget process. These funds are requested as a one-year investment.

Summary

Public Health, in collaboration with the DCBA, DHS, DPSS, DMH, DEO as well as a multi-sector Medical Debt coalition and other community partners have developed a host of recommendations to substantially reduce and prevent medical debt among LA County residents. To carry out these recommendations, critical infrastructure funding is needed to sustain and grow the Healthcare Consumer Protection Unit (HCPU). In addition, there are four key areas where Board support will be critical to furthering these aims.

First, to provide immediate relief to over 800,000 residents burdened by medical debt, the County should invest funding to forgive this medical debt using the proven model established by RIP Medical Debt. Such relief would require one-time investment of approximately \$24 million, though any initial investment will still yield substantial relief for residents.

Second, to prevent future medical debt, a model financial assistance application and policy should be created and made available to LA County hospitals to adopt. If provided additional resources, Public Health can develop a public portal to host this model application, through which healthcare consumers at participating hospitals could apply for financial assistance using this model application. Such adoption would improve accessibility and access to needed aid for all eligible healthcare consumers.

Third, the County should bolster community-based legal aid partners’ efforts to protect healthcare consumer rights and provide comprehensive medical debt relief advocacy and litigation defense. To meet increasing

consumer need, the County should contract with an experienced legal services provider involved in medical debt issues to provide these enhanced services.

Finally, the County should continue promoting consumer awareness of rights and resources related to medical debt and financial assistance. The County can reach consumers by infusing the environment with information and resources. DCBA will lead this effort by providing enhanced community outreach, training, and consumer counseling in partnership with stakeholders throughout Los Angeles County.

Public Health is committed to fostering continued collaboration and implementing these measures to create a more resilient and equitable healthcare landscape for the residents of Los Angeles County.

BF:ns

- c: Chief Executive Officer
- County Counsel
- Executive Officer, Board of Supervisors
- Department of Consumer and Business Affairs
- Department of Health Services
- Department of Mental Health
- Department of Economic Opportunity
- Department of Public Social Services