

REVISED MOTION BY SUPERVISORS JANICE HAHN
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June 25,2024

Pilot Program to Eliminate Medical Debt in Los Angeles County

Medical debt is a critical issue in Los Angeles County. The Los Angeles County Department of Public Health (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 residents. 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 which affects employment stability, housing security, and overall quality of life.

On October 3, 2023, this Board adopted a [motion](#) "Reducing Medical Debt in Los Angeles County Through Improved Data Collection and Innovative Strategies to Retire

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Medical Debt” directing County Departments to take initial action, research existing strategies, and report back with recommendations for further policies that can reduce medical debt in Los Angeles County.

In response to this motion, County Departments and other community partners from the Medical Debt Coalition have met frequently to discuss potential strategies for preventing and reducing the burden of medical debt for LA County residents. This coalition 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. Their feedback informed the findings and recommendations in Public Health’s report back to the Board and culminated in the LA County Medical Debt Summit held on April 10, 2024. At this summit, coalition members, key stakeholders, healthcare leaders, County agencies, and experts came together at the Los Angeles General Medical Center, to outline a collective approach to eliminate the burden of medical debt, which includes County interventions, provider engagement, community action, legislative advocacy, data collection, operational improvements, and expanding consumer resources.

In Public Health’s report back and in the feedback elevated at the Medical Debt Summit, the County was urged to pursue a targeted pilot program for Medical Debt Relief. In a letter to the attendees of the Medical Debt Summit, Vice President Kamala Harris also highlighted the Biden Administration’s support of the cities and states that relieved billions in medical debt for millions of Americans. Medical debt encompasses a broad array of healthcare-related financial burdens, including not only hospital bills but also

outpatient services, specialized care, transportation, drug costs, and diagnostic services. While the complexity of medical debt arises from various areas within the healthcare system, the County should target its pilot program on debt resulting from hospital-based care. This debt represents the majority of medical debt held in the County, where healthcare bills are the largest and generally incurred for unavoidable, emergency care. In this pilot program the County will partner with a nonprofit organization to begin relieving medical debt in stages, first targeting the most vulnerable residents, progressing further as funding is identified, and evaluating the impact of these interventions. Public Health has identified one-time Net County Cost funding to support this pilot effort. A pilot effort, paired with rigorous evaluation, can reduce the immediate financial burden on our residents in greatest need and also provide critical experience and feedback for future efforts.

WE, THEREFORE, MOVE that the Board of Supervisors:

~~1) Authorize the Director of Public Health to enter into a sole source agreement in the amount of \$5,000,000 effective the date of execution through Dec 31, 2027, with Undue Medical Debt (formerly RIP Medical Debt), to execute a pilot medical debt program targeting the County's lowest income residents.~~

~~2) 1) Direct the Chief Executive Office (CEO), as part of the Fiscal Year 2024-25 Supplemental budget phase, to identify and allocate \$5,000,000 in one-time funding for the Department of Public Health to authorize the Department of Public Health to allocate carryover funding from FY23-24 for the costs of the proposed medical debt pilot program.~~

~~2) Subject to the Board's allocation of funding in the Fiscal Year 2024-25 Supplemental budget phase, authorize the Director of Public Health to enter into a sole source agreement in the amount of \$5,000,000 effective the date of execution through Dec 31,~~

2027, with Undue Medical Debt (formerly RIP Medical Debt), to execute a pilot medical debt program targeting the County's lowest income residents.

3) Delegate authority to the Director of Public Health, or designee, to execute amendments to the agreement with Undue Medical Debt for necessary administrative changes or to increase or decrease the total maximum obligation during the term of the agreement, provided sufficient funding is available for any such increases and the amendment is approved by County Counsel. The Director of Public Health, or designee, will notify the Board and the CEO, in writing, within ten days of the execution of such amendments.

4) Delegate authority to the Director of Public Health, or designee to terminate the agreement with Undue Medical Debt for contractor's default, County's convenience, or if Contractor initiates termination for convenience, provided that any such action is approved by County Counsel. The Director of Public Health will notify the Board and the CEO, in writing, within ten business days of terminating the agreement.

5) Direct the Director of Public Health to evaluate the impact of the medical debt relief pilot and report back within 120 days of completing the debt relief pilot on its effectiveness and potential scalability.

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