

## NEWS RELEASE

### Oakland County's Transformational Program Aims to Erase up to \$200 Million in Medical Debt for Burdened Residents

- The county will use \$2 million in American Rescue Plan Act (ARPA) funds to purchase the medical debt of Oakland County residents for a fraction of its cost, then eliminate their debt.
- The national non-profit organization RIP Medical Debt will work with local health systems on behalf of the county to identify thousands of Oakland County residents who have unpaid medical bills. Qualifying debtors will be notified by mail when debts are abolished.
- Oakland County's medical debt forgiveness program has the potential to help up to 80,000 residents.

Oct. 19, 2023, Pontiac, Mich. – Oakland County Executive Dave Coulter and the Oakland County Board of Commissioners, in partnership with the nonprofit organization RIP Medical Debt, will leverage \$2 million of the county's American Rescue Plan Act (ARPA) dollars to purchase up to \$200 million in medical debt of Oakland County residents for a fraction of its cost, then wipe clean their debt.

"No matter what a person's circumstances are, a medical crisis can be devastating for them and their families - physically, financially, and emotionally," said Oakland County Executive Dave Coulter during a news conference at Gilda's Club Metro Detroit in Royal Oak on Thursday, Oct. 19. "We should do what we can to help people who find themselves on the brink of bankruptcy due to a health condition or emergency."

Approximately 114,000 Oakland County residents carry medical debt. It is the number one source of bankruptcy in the United States and is especially prevalent in communities of color and rural areas. The average medical debt is \$2,500 per household. Oakland County's medical debt elimination program has the potential to help up to 80,000 residents.

"Medical debt hurts working families, ruins credit, and makes life more expensive," Board of Commissioners Chair David T. Woodward of Royal Oak said. "Wiping out medical debt for county families is one more way we're building an economy that works for everyone, from the bottom up and the middle out."

The non-profit RIP Medical Debt is a national organization that acquires and abolishes medical debt for people experiencing financial hardship. Its qualifications for relief are debts belonging to people who earn less than four times the federal poverty level or for whom a debt is five percent or more of one's annual income. Once a contract is in place, their staff will implement Oakland County's medical debt elimination program by working with area hospitals to identify residents who fit the criteria for relief. Then on behalf of the county, RIP Medical Debt will buy the medical debt for pennies on the dollar and abolish it.

“We know that medical debt is detrimental to health because families delay care when they have debt which increases the burden of disease in communities,” said Deputy County Executive Madiha Tariq, who oversees the Health and Human Services Department. “Medical debt is also a huge blow to our economy, impacting the workforce, housing, and deepening the cycle of poverty.”

This is not a medical debt relief program to which residents can apply. RIP Medical Debt will notify individuals by branded letter that some or all their debt has been canceled and cleared from their credit reports.

Michigan resident Kyra, who lives with the challenges of diabetes, shared her story with news conference attendees. RIP Medical Debt purchased and wiped clean approximately \$3,500 of her medical debt.

Kyra was diagnosed with diabetes at age 10 – a chronic condition that runs in her family. During her teen years, her family’s medical insurance paid for the management of her condition. As a young adult, she was without medical insurance coverage, accumulating debt, and struggling to keep her job. After RIP Medical Debt purchased and abolished her debt, she was able to move her life forward. Today, she is working a job which pays more than she earned when she was under the burden of medical debt.

“Being free from medical debt is a breath of fresh air,” Kyra said. “No bothering calls or threatening letters. To be honest, I don’t feel overwhelmed anymore and this all happened at the right time.”

Gilda’s Club Metro Detroit, which provides support, education and wellness programming to cancer patients and families, has witnessed the toll of medical debt on their community.

“Financial toxicity is among the top stressors of families facing cancer,” said Laura Varon Brown, CEO of Gilda’s Club Metro Detroit. “At a time when families have so many complexities and fears weighing on them, how to pay for hope should not be among them.”

Oakland County Commissioner Charlie Cavell of Ferndale, representing District 19, who has been an advocate for this program at the Board of Commissioners, voted yes for this program when it won final board approval on Tuesday, Oct. 17. Next up, RIP Medical Debt and the county will enter into a contract while the non-profit approaches local hospitals to source qualifying medical debts for abolishment.

“In my 20’s, I was unable to afford insurance and got sick on a mission trip. I had more than \$6,000 in medical debt, which kept me from seeing the doctor, building credit, accessing job opportunities because I could not get a car loan, and more,” Cavell said. “Learning from RIP Medical Debt that there are tens of thousands of families in Oakland County going through the same thing I went through, and then having a solution for their situation was a humbling and transformational experience for me, and something that’s been meaningful to bring to my work as a commissioner.”

With support from state and local governments, individual donors, philanthropic organizations, and faith-based organizations, RIP Medical Debt, founded in 2014 by former debt collectors, has acquired and abolished more than \$10 billion in medical debt for more than seven million people. To achieve this, they partner with hospitals, health systems, and physician groups to acquire medical debt for abolishment. For more information about RIP Medical Debt, go to [www.RIPMedicalDebt.org](http://www.RIPMedicalDebt.org).