**Tuesday, May 14, 2024 / What fixes medical debt**

**[HALF SECOND OF SILENCE]**

**[BILLBOARD]**

NOEL KING (host, Today, Explained): Four in ten Americans are burdened by medical debt and we’re coping however we can:

SCORING IN <Alright But Here's The Problem - BMC>

*<CLIP> Dylan Scott, Vox: People will, you know, cut spending on everyday items like food. They'll cut spending on rent. We certainly hear about people skipping medical services, you know, skipping prescriptions, not going to their annual checkups, not doing follow up, procedures or services because they're worried about the cost.*

NOEL: Polling shows that unlike student debt, Americans are not *that* divided on how we feel about this - about seven in ten of us support some kind of relief.

NOEL: And organizations and individuals are providing that relief.

*<CLIP> KTLA5 “Two former debt collectors were inspired to tackle the problem and now their nonprofit RIP Medical Debt has wiped out more than 7 billion dollars of medical debt.”*

*<*[*CLIP*](https://www.google.com/search?q=john+oliver+medical+debt&oq=john+oliver+medical+debt&gs_lcrp=EgZjaHJvbWUqBggAEEUYOzIGCAAQRRg7MgYIARBFGDsyBggCEEUYO9IBCDI5NjhqMGo3qAIAsAIA&sourceid=chrome&ie=UTF-8#fpstate=ive&vld=cid:5c7211e7,vid:2wSarEVgjM0,st:55)*> John Oliver “We thought, instead of collecting on the money, why not forgive it?*

NOEL: Recently some economists asked: how well is this working? We’re gonna tell you what they found, coming up on *Today, Explained*.

**[THEME]**

DYLAN SCOTT (senior correspondent and editor at Vox): My name is Dylan Scott and I am a senior correspondent and editor at Vox.

NOEL: Dylan you recently wrote for Vox about medical debt relief. It’s become a big thing because medical debt is a big thing. What does it look like, what’s it entail, who’s doing it? Tell us everything.

DYLAN: So people might remember about a decade ago, the HBO host John Oliver got a bunch of media attention for buying about $15 million worth of medical debt. That was debt from about 9000 people.

*<*[*CLIP*](https://www.google.com/search?client=firefox-b-1-d&q=john+oliver+medical+debt)*> JOHN OLIVER: Debt. It’s the reason Nicolas Cage has made so many great choices in recent years.*

DYLAN: And he just wiped it out.

*<*[*CLIP*](https://www.google.com/search?client=firefox-b-1-d&q=john+oliver+medical+debt)*> JOHN OLIVER: So are you ready to do this? You are about to watch me give away $15 million. <BLEEP> you Oprah!*

DYLAN: There's a radio host in Nashville, Dave Ramsey.

*<*[*CLIP*](https://www.ramseysolutions.com/debt/forgiven)*> DAVE RAMSEY: And that's why we wanted to take this opportunity to show the love of Jesus by taking on the debt of 8,000 people across the country, a total of $10 million of debt.*

DYLAN: A couple of Christmases ago, he bought a bunch of people's medical debt and forgave it.

*<*[*CLIP*](https://www.ramseysolutions.com/debt/forgiven)*> DAVE RAMSEY: We bought it, and it's forgiven. That's right. We bought some of your medical or your car debt from a debt collection agency, and it's paid off.*

DYLAN: There's a group out there. They used to be called RIP Medical Debt. It's now known as Undue Medical Debt that has, you know, systematically been going to debt collectors who have portfolios of medical debts in collections, and they can buy it for pennies on the dollar.

*<*[*CLIP*](https://www.youtube.com/watch?v=Z8Ws6fgtoZA)*> UNDUE MEDICAL DEBT PROMO: More than half of Americans say getting a bill they can't afford is as scary as a serious diagnosis itself. Our debt is harming us. But what if we could make that debt disappear?*

DYLAN: Even some state and local governments have been proactive about this and have, you know, bought up the medical debt of distressed citizens and wiped it out for free.

NOEL: I've seen these stories. I mean, I remember when John Oliver did this, when Dave Ramsey did this, to me, this seems like a really good idea, a really generous thing to do. And yet we would not be here talking to you today, I think, if all of this was going exactly as planned. How is medical debt forgiveness working broadly?

DYLAN: I had the same assumption that you did. And like I've said, I think this is what made medical debt relief really attractive was: here, we can do this really cheaply. It's going to wipe debt out for people. Certainly that has to be a good thing, right? But there is this new study that's been conducted that has called the value of medical debt relief into question.

SCORING IN <Neutral Satoshi (minimal, synth, neutral, warm) - STYLES>

DYLAN: So basically there's this group of researchers. They’re from a number of places: Stanford, Harvard, University of Munich actually, UCLA. And they basically partnered with RIP Medical Debt or now Undue Medical Debt, to run an experiment. And what they did was there was this big group of people, they buy up these massive debt portfolios and, for really cheap, and buy them off…

MUSIC BUMP

DYLAN: So we had both people who had their debt relieved, people who didn't, people who’d had had debt for a long time, people who’d had it for a short time.

*<*[*CLIP*](https://www.youtube.com/watch?v=CkDi1jlsNis)*> RAY KLUENDER: As insurers work to control healthcare costs, patients increasingly face high copays and deductibles. For the majority of working Americans who live paycheck to paycheck, out-of-pocket costs come at a time they can least afford it.*

DYLAN: And the, you know, researchers wanted to see like, okay, what does this do for people? Do they, are they happier? Are they healthier? Does their credit score improve? Do they just subjectively feel happier or feel more able to cover their, their bills, things like that? And obviously everybody expected that we would see these really positive results. You know, from we've seen from other kinds of debt relief, whether it's student loans or relief for credit card debt or things like that, that, you know, receiving debt relief does lead to these positive financial and health outcomes. But what was shocking about this analysis of medical debt relief was that none of those positive outcomes actually materialized.

SCORING OUT

DYLAN: There was not really a meaningful change to people's financial situation, their access to credit, and there wasn't really any meaningful change to their mental or physical health. There was, if anything, there was actually some evidence that some people felt more depressed after receiving medical debt relief than they had felt before.

NOEL: Why?

DYLAN: Researchers had a couple of different theories about why this might be. For one, you know, the relief did come pretty long after the fact. They had been carrying their medical debt for like seven years. You know, as one of the researchers put it to me, they've already felt the scars of the debt collection process. They've been hounded by debt collectors. Maybe they've had to cut spending on other things like that. That pain has already been felt and so providing relief for it. Seven years later, maybe isn't making that much of a difference for people. On top of that, you know, the people who receive medical debt through this experiment, they didn't actually ask for it. And that's the way that RIP Medical Debt’s model works, like they very explicitly do not accept, like, specific requests for debt relief. And yet they received it anyway. And why we might think that they would just be like, well, that's great. Now, I don't have this medical debt. There is a fair amount of research that shows Americans, like, they often feel, like, shame, if they receive charitable aid or relief from the government. And there's a stigma that's associated with receiving that kind of assistance. And so, you know, as, as one of the researchers put it to me, like when we're conducting these surveys and calling these people and saying, like, hey, you've received medical debt relief, you know, tell us how it's felt or how it's affecting your finances. We're both reminding them of this, really, you know, potentially traumatic experience where they had these medical debts and were being hounded by debt collectors. And we're also maybe introducing an opening for that shame or that stigma to creep in.

NOEL: All right. So the study found that people felt worse. They were more depressed, at least some significant number of people. Their mental health did not improve. Did their finances improve, though?

DYLAN: This was the other thing. Not really. On average, there was a pretty negligible increase in credit scores, a couple of points. There was a pretty marginal increase in their credit limits, a couple of hundred dollars, but not, not like the, the dramatic improvements that we might hope to see. And like, on average, the folks who are involved in the experiment, they're carrying about $28,000 in debt, and the average amount of relief that they received through the experiment was a little more than $2,000. So like, yeah, that's a, that's a meaningful amount of assistance. But at the same time, it's not like it's completely changing your, your financial situation. The one exception is there was a subgroup of people whose only debts were medical debts. And so basically through this experiment, all of their debts were wiped out and they had a slightly larger improvement in, like, their credit score or credit access.

NOEL: Does this mean that this way of relieving medical debt just does not work?

DYLAN: So I would say, and I think the researchers would say, and I certainly know groups like Undue Medical Debt would say that it's, it's premature to just write off medical debt entirely because of one study. But the findings were, they were sobering. They were surprising. And I do think they've raised questions about, you know, what are the limits of medical debt relief? You know, clearly it's not going to, like, turn people's lives around, especially if we're providing it years after the fact. And it's certainly, you know, it's not going to improve their credit scores, although that's an increasingly moot point because, most of the credit rating agencies have agreed to stop reporting medical debt after urging from the Biden administration

*<*[*CLIP*](https://www.youtube.com/watch?v=yFRf-FO_1y8)*> NEWSNATION: Right now this affects about a hundred million Americans who have some sort of medical debt. That's according to the Biden administration. And in some cases it can prohibit them from getting a loan to buy a home or even a cell phone. So this would essentially remove that from your life, unless you're looking to get another kind of medical loan.*

DYLAN: And so I think that conversation has really taken off since the study came out. And so, like, it's better for us to have this information to sort of be able to digest it and confront it and then think about how it might change our approach.

NOEL: Damn. Where might our energy be better focused? It seems to me, preventing this kind of debt from piling up in the first place, right?

DYLAN: Yeah.

NOEL: This many people, to this degree. How are we doing that, Dylan?

DYLAN: Yeah. So that, that brings us back to the whole problem, right? We were trying out medical debt relief because it's easier than overhauling the US healthcare system. And, you know, that could take a couple of different forms. It certainly could involve providing more health insurance to people, you know, covering people who are uninsured, providing more generous benefits to the people who do have coverage. There's Medicaid expansion that, you know, could be done under the Affordable Care Act. But a bunch of states in the Deep South haven't done it. And that's left like a million people without any accessible insurance option. So that's like, you know, low hanging fruit that we could take. It's just politically difficult. But we do have a lot of evidence that giving people health insurance does have the positive mental, physical and financial effects that we were hoping to see with medical debt relief. About 15 years ago, there was this big experiment in Oregon, and basically it's called the Oregon Health Insurance Experiment. If people want to look it up, it has become a totemic work in health care research. You see, it referenced all the time. And what was happening in Oregon back then was they basically had a lottery that allowed certain people to get on Medicaid for the first time.

*<*[*CLIP*](https://www.youtube.com/watch?v=397MEPE2Iyo)*> KATHERINE BAICKER: So we use that draw from the waiting list as a chance to figure out what does Medicaid do to healthcare use? What does Medicaid do to health outcomes?*

DYLAN: And the results showed that among low income adults who received Medicaid through the Oregon Health Insurance Experiment, they saw a 9% reduction in depression. Like we saw all the things that we hoped to see happen by giving people Medicaid, that didn't happen with medical debt relief.

SCORING IN <Basic Barbara - BMC>

NOEL: So if we want to help and we can't really do anything about Medicaid, what do we do? What are the options?

DYLAN: Well, I think people are finding that they don't have a lot of good options. And so they're turning to their fellow Americans, to their neighbors, to people that they know or even to strangers on the internet, for help. You've seen a dramatic rise in the last decade, I feel like, of people using websites like GoFundMe or other crowdsourcing options, and saying like, “hey, I had a medical emergency. I have tens of thousands of dollars in medical bills. Will you please help me?”

SCORING BUMP

NOEL: Dylan Scott of Vox-dot-com.

Coming up… when GoFundMe turns into GoFundYourself.

**[BREAK]**

*BUMPER <kid saying “Today, Explained”>*

NORA KENWORTHY (associate professor at the University of Washington Bothell): My name is Nora Kenworthy, and I'm an associate professor at the University of Washington Bothell. And I'm the author of a new book called “Crowded Out: The True Cost of Crowdfunding Health Care.”

NOEL: How did you come to write about crowdfunding health care?

NORA: Well, my background is in public health and anthropology, and I'm really interested in sort of how people come into medical systems and how they get treated there. And quite honestly, I stumbled across GoFundMe many, many years ago, back when it was a site where people printed off little fliers for their campaigns and hung them on light poles. And I was just fascinated. And I was noticing how many campaigns on the site even back then were for medical needs.

NOEL: What year was that, that people were printing the fliers off of GoFundMe?

NORA: Like 2013, 2014. So a couple years after the platform launched.

NOEL: Okay. So the platform launches and within a couple of years, people are using it for this one specific need. And so you decided to look into what's going on, why it's going on. Tell me about the types of stories that you heard from people who were using GoFundMe or other crowdfunding platforms to deal with medical debt.

NORA: Yeah, I mean, there's so many stories. But I think we tend to hear stories of platforms like GoFundMe about very popular or very successful campaigns. You know, someone goes viral and gets tens of thousands of dollars and they’re set, their problem is solved.

*<*[*CLIP*](https://www.youtube.com/watch?v=4G2evTmSbKw)*> WKMG NEWS 6 CLICKORLANDO: Parks had the treatment, is back to work, and is now approaching nine months cancer free.*

*“And GoFundMe worked for me. And I know it works for a number of other people.”*

NORA: But most of the people that I spoke to had much more mixed experiences. So I talked to a young guy named Diego, whose family is a family of farmers in eastern Washington. And, his cousin was in a terrible car accident, and in a coma. And he set up a campaign for her because he was worried. He said his uncle was telling him that he would be in debt for life over these bills. And he set up a campaign. And while he felt like the campaign helped, you know, they only raised $1,200. Meanwhile, his cousin was in ICU for months at a time, racking up truly enormous medical bills.

NOEL: So in a case like Diego's, you're telling me ICU for months, we have to be talking about tens of thousands, right?

NORA: Yes. If not hundreds of thousands. You know, I talked to other people who had campaigns that were sort of similar to Diego's…

*<*[*CLIP*](https://www.youtube.com/shorts/ITaEJh6GyKY)*> @poorman973: I can’t pay my dentist bill anymore. I can’t, I can’t afford food.*

*<*[*CLIP*](https://www.tiktok.com/@nyaanne/video/7345303430480612654)*> Nya: My rent, my car, I won’t be able to work as much, due to knowing how the chemo is going to make me feel.*

*<*[*CLIP*](https://www.youtube.com/watch?v=aC2KVIf21bo)*> Jacob Farley: If you could please help me out with paying for this it would be greatly appreciated, due to how I'm trying to save up to go to college for this next winter.*

NORA: And so they're still facing these incredibly large bills that are coming due. I think the other thing that we don't see on the kind of surface level of crowdfunding is just how many people are actually very unsuccessful with crowdfunding. So in 2020, about a third of medical campaigns that we were able to find on the platform GoFundMe actually got $0 whatsoever.

NOEL: A third of them didn't raise anything.

NORA: Anything. Yeah.

NOEL: Hm. Did you talk to anyone for whom it was an unqualified success? They asked for a certain amount, they got the certain amount, they're fine now?

NORA: Yeah, yeah, totally.

SCORING IN <Gon(e)than (mellow, melodic, synth, emotional) - BMC>

NORA: I, for example, talked to one couple, that the husband needed a kidney transplant. Most people don't know this, but actually, crowdfunding for transplants has long been a thing in the US because the cost of transplants is so expensive. And there's not a lot of programs that will help you pay for them. So they crowdfunded for his transplant, and then they found out that actually, his wife could be a donor through a donor match program. And so then they needed to crowdfund for her transplant. And they did. They did both. But they also talked about the long term costs of their illness. They talked about how much of a burden it put on their families to have to do these two huge crowdfunding campaigns. And they talked about the fact that, you know, both of them were still facing long term health consequences. And they told me about, like, their worries that like, they couldn't possibly crowdfund a third time if anything should happen again. So I think there's just a lot of stories out there of how crowdfunding, even when it's successful, can be a challenge.

*<*[*CLIP*](https://www.tiktok.com/@doubled_up/video/7356339153837051178)*> Angel Hubbard: “We are trying to…” “Get a new heart for our cousin.”*

*<*[*CLIP*](https://www.youtube.com/watch?v=vSam9RUgzVE)*> Eric Jones: I have the opportunity to seek a dual kidney and partial pancreas transplant with Methodist Hospital in Dallas. Unfortunately this operation is very expensive. Even with Medicare my co-pay would be over $50,000.*

*<*[*CLIP*](https://www.youtube.com/watch?v=Z0wQGQqqtVs)*> Yashley James: To officially be placed on the transplant list I need to raise $10,000.*

SCORING OUT

NOEL: It sounds like what you're saying is crowdfunding for medical debt is not working for the most part. It does make people feel better about themselves. I've been part of medical crowdfunding campaigns. I was very happy to do it. Is there anything wrong with this?

NORA: Yeah. These are really hard things to discuss, right? Because of course, we want to help people. Of course we want to be generous with our friends and our family. And I don't fault anyone for either giving to a campaign or needing a campaign. And there are certainly times and places where these campaigns provide really meaningful support to people. What's hidden beneath the surface, though, is that these campaigns tend to provide the most benefit to the people who need help the least. So what we find time and time again is that the most privileged people who turn to crowdfunding are the ones who do the best.

*<*[*CLIP*](https://www.youtube.com/watch?v=BrBnF6aOm1M)*> Good Morning America: Mary Lou Retton’s family is asking for prayers this morning after turning to crowdfunding for what could be a lengthy and expensive hospital stay for the former gymnast.*

*<CLIP> “As of this hour the Spotfund for Mary Lou’s medical expenses has raised over $280,000 of its original $50,000 goal. Her treatment is continuing.”*

NOEL: What at the end of your book and at the end of the day, do you think that people with medical debt should do?

NORA: I think that what we're all responding to is a recognition of the brokenness of our systems, right? That like, how is it possible that we're reduced to this? And yet sort of also caught up in the feel good collective action of helping one person. And so I think that because a lot of times we feel so powerless about the broader systems that have eroded our social safety nets and our health coverage and thrust us into medical debt. We hold on to these stories of one person's hope or one person's problems being solved. And I think that that can be a really profound distraction from some of the other things that we could be doing, in order to change things. One of the more powerful arguments of organizations like the Debt Collective, is first that debt itself is fundamentally unfair. Especially medical debt. Most people didn't ask for it. They didn't agree to it. They may not have even known the price of things when they went in for care. But secondly, they also quote from capitalist John Paul Getty to remind us that that debtors actually have power. So that if you owe the bank $100, it's your problem. But if you owe the bank $100 million, it's the bank's problem. And in this case…

NOEL: Hm.

NORA: …organizing debtors to express their power and to express how unfair these debts are, is working. You know, Americans are estimated to owe the bank essentially $220 billion in medical debt. That does have power. But also, this is a problem that we need to solve systemically and politically. And so I think we gotta figure out how we can reorganize each other around the idea that everyone is entitled to a certain amount of basic medical care. And one of the things that really concerns me about crowdfunding is it erodes our sense of that collective duty. Right? So as much as it feels good for all of us to contribute to, like one person, you know, who's homeless or who walks to and from work, what crowdfunding is also inculcating us with is the idea that we get to pick and choose. We get to pick and choose who gets help…

NOEL: Mm.

NORA: …and who gets rescued. And that is completely antithetical to the kind of moral architecture of a more universal health care system where people get care even if they make bad choices or regardless of the color of their skin or how much money is in their bank account.

SCORING IN <Alright But Here's The Problem - BMC>

NORA: There are new efforts underway in the U.S. Senate right now. A bill to address U.S. medical debt and forgive it. That's, I think, where the real solution to this lies, is in reminding people that this debt shouldn't exist in the first place.

SCORING BUMP

NOEL: Nora Kenworthy. The book is “Crowded Out: The True Cost of Crowdfunding Health Care.”

Denise Guerra and Avishay Artsy produced today’s show - welcome Denise - Amina Al-Sadi edited, we were fact-checked by Matthew Collette and Laura Bullard, and Patrick Boyd is our engineer. I’m Noel King. It’s *Today, Explained*.

**[10 SECONDS OF SILENCE]**