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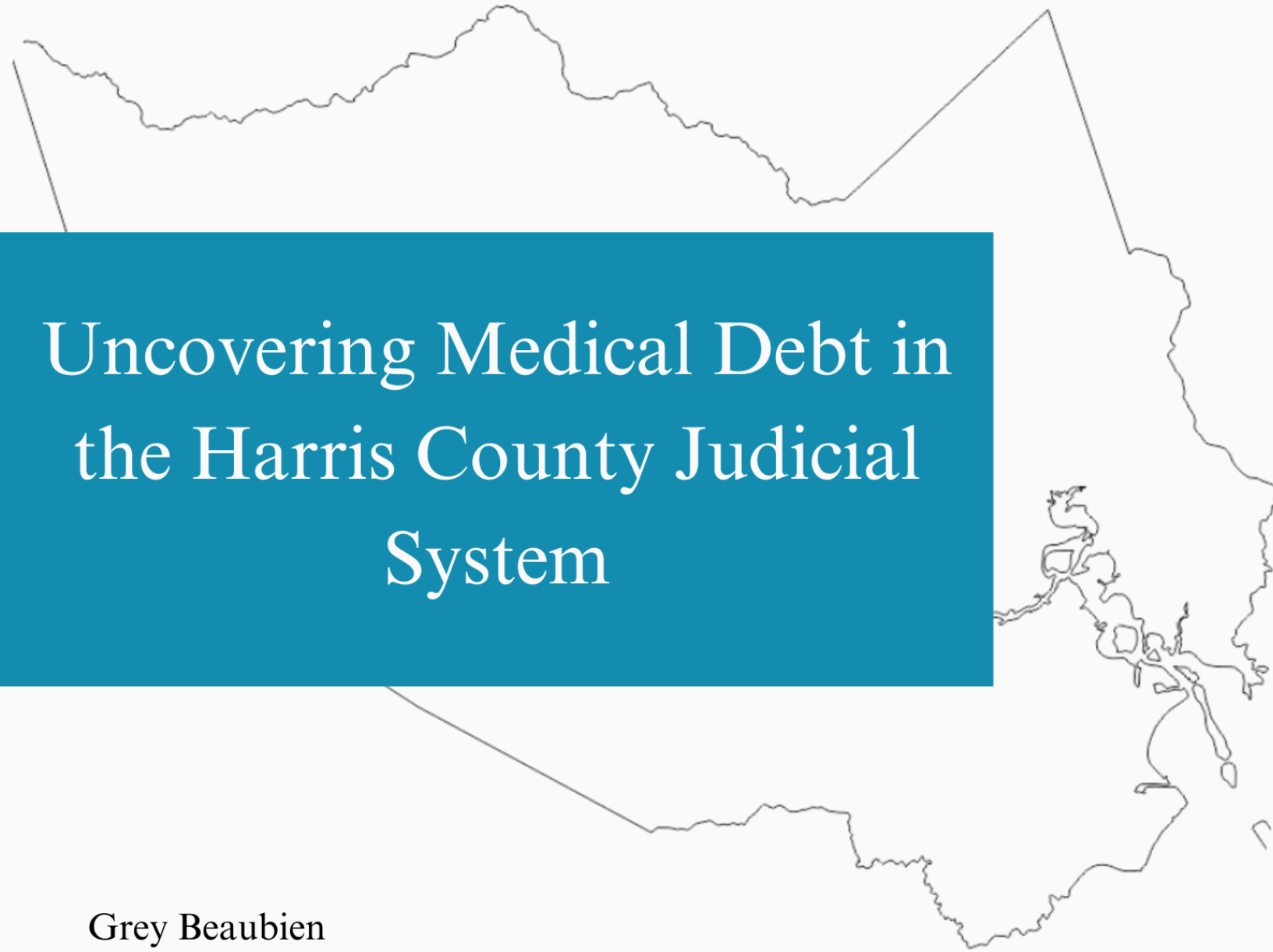

Uncovering Medical Debt in the Harris County Judicial System

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Executive Summary

This study analyzes medical debt collection lawsuits in Harris County Justice of the Peace courts from 2018–2022, focusing on how defendant demographics relate to case outcomes. Using court documents and plaintiff names, we identified a dataset of completed medical debt cases and their key characteristics. While research in other states found that 9–34 percent of Americans hold medical debt, we found only 0.68 percent of Harris County debt lawsuits involved medical debt—an especially low share based on previous findings. We also found that race and income were associated with defendants' likelihood of responding to lawsuits, obtaining legal representation, and achieving favorable outcomes. We offer two recommendations. First, all Texas courts should disclose whether debt claims are medical, enabling more accurate research and policy targeting. Second, lawmakers should protect Texas's wage garnishment laws, as it could be a cause of the lack of medical debt. Lawmakers should also consider the complexity of this issue when considering reforms. Finally, we argue that more research is needed to fully understand Harris County's relative lack of medical debt.

Introduction

Across Texas and the United States, medical debt affects huge swaths of the population in deeply inequitable ways. Medical debt places a disproportionate burden on low-income communities and people of color, especially in Southern states (Kluender et al., 2021). While debt collectors almost always have legal representation, debtors rarely do. Additional complications occur when hospitals sell patients' debt to aggressive third-party debt collectors. This practice can harm patients, overwhelm courts, and obscure the medical debt collection process.

Our research was conducted in partnership with January Advisors, a data consulting firm that works with diverse stakeholders to investigate multiple policy spaces. Previous research by January Advisors found high rates of medical debt in Michigan and Minnesota. Harris County presents a compelling case study for medical debt because of its large and diverse population as home to both Houston and the Texas Medical Center; it also has a unique policy space in a state that has not expanded Medicaid but offers relatively progressive wage garnishment protections. Our team aimed to fill the gap in knowledge surrounding medical debt collections in Harris County. Specifically, we sought to understand how demographic variables like race and income affect court processes and lawsuit outcomes. We also sought to understand the roles that hospitals and third-party debt collectors play in the debt collection sphere; more specifically, how often are they suing and who are they suing.

Data on consumer debt lawsuits are neither uniform nor comprehensive; this creates problems for researchers and policymakers who seek to understand the landscape of medical debt. Court data often does not list the nature of how debt was incurred. For example, if someone has credit

card debt, court documents will often not mention what the credit card was spent on. Therefore, if a credit card is spent at a hospital on medical bills, the debt claim will often be seen as general consumer debt in the courts, not medical debt. This is only one of many issues that impact the accessibility and availability of data on medical debt. Because of these challenges, we adopted two sampling methods to uncover as much medical debt as possible. First, we manually investigated a random sample of 1,000 consumer debt court dockets for medical debt. Second, we searched through 64,875 cases for medical plaintiff names. Cases in both methods were sampled from Harris County Justice of the Peace Court records, and we matched demographic data to each case using defendant addresses and statistical techniques. Taken together, we generated statistics to create an overview of medical debt in Harris County and explored the relationship between demographic variables and court processes and outcomes.

Background and Context

Medical Debt: A Rising Issue

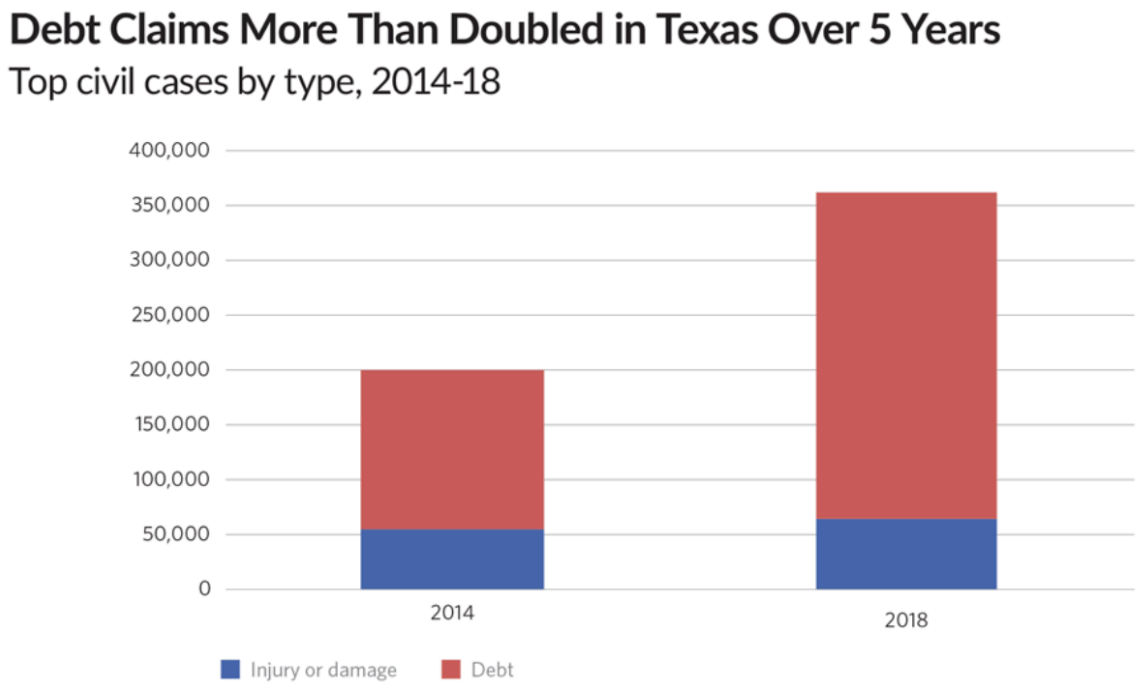
Across the United States, nearly 1 in 5 individuals have some amount of medical debt in collections (Kluender et al., 2021). Collectively, Americans owe over $220 billion in medical debt (Rakshit et al., 2024). Medical debt, defined as money a person owes for their own or someone else's medical or dental bills, is often unexpected, unavoidable, and difficult for many to afford.

Medical debt has significant negative implications for a person's health and financial wellbeing. Adults with medical debt are more than twice as likely as those without debt to say they or someone they live with have postponed or skipped seeking needed health care because of the

cost (Lopes et al., 2022). Postponing healthcare can lead to greater (and more expensive) medical issues later on. Financially, people may pay off their medical debt with a credit card, a bank loan, or by missing other essential bills such as rent or car payments. These indirect payment methods harm debt holders' financial wellbeing as well as obscure the true amount of medical debt from researchers. Using a broader definition that includes this obscured debt (e.g., charged to credit cards), one study found that 41 percent of people across the United States had medical debt within the past year (Lopes et al., 2022).

The number of debt collection cases filed in court has increased significantly, which carries implications for judicial systems as well as burdens on individuals' wellbeing. Beyond the effects on individuals' finances and wellbeing, the increase in debt collections has legal implications. Across states, debt claims are an increasing proportion of state court cases—consumer debt claims made up less than 12 percent of civil court cases in 1993 and 24 percent in 2013 (Pew Charitable Trusts, 2020). In 2021, this number increased to an overwhelming 42 percent (Chiappetta, 2023). Debt claims in Texas followed a similar trend to nationwide increases, with the number of debt claims filed in small claims courts increasing by 140 percent from 2014 to 2018 (see Figure 1).

Figure 1. Medical debt claims have moral than doubled in Texas over 5 years, according to Pew Charitable Trusts (2020).



Concealed Inequities in Harris County

Harris County holds similar difficulties and disparities that defendants face in the consumer debt collection process nationwide. Though medical debt is not well-studied within Harris County, research on the broader sphere of debt collection shows that defendants do not have fair access to justice. Debt collectors in Harris County filed nearly 68,000 lawsuits in 2021, more than double the number filed in 2015 (Berard, 2022). Out of these cases, less than 1 in 10 defendants of civil debt collection lawsuits had legal representation, compared to over 8 in 10 plaintiffs (Texas Appleseed, 2021). Nearly 90 percent of debt collection lawsuits in Harris County were won by plaintiffs—3 in 4 of those wins were default judgments, where the defendant did not properly respond to court summons and was automatically ruled against (Texas Appleseed, 2021). Such

default judgments can target already marginalized defendants with limited capacity or knowledge to navigate confusing legal procedures.

Third-party debt collectors, who either buy debt from original creditors for pennies on the dollar or are hired by original creditors to collect outstanding bills, also comprise a significant portion of plaintiffs in Harris County civil courts. Debt in third-party portfolios may be medical (e.g., original creditor is a hospital) or non-medical (e.g., original creditor is a retail store). Between 2018 and 2020, just two plaintiffs, both third-party debt collectors, filed 31 percent of all debt collection lawsuits in Harris County (Texas Appleseed, 2021). More than half of all plaintiffs in debt collection lawsuits were represented by just two law firms. These firms bring resources and expertise to navigate the complexities of the civil court process that are very difficult for defendants to match.

The impacts of the systematization of civil debt collection are not felt evenly across demographic categories. In Harris County, the odds of being sued to collect a debt and the odds of having a debt collection judgment are 1.6 times higher in census tracts where the majority of residents are Black or Latino compared to tracts where the majority of residents are white (Texas Appleseed, 2021).

In Texas, these disparities also apply to medical debt. Texas is one of only ten states, concentrated mostly in the South, that have not expanded Medicaid under the Affordable Care Act (Tolbert et al., 2024). This has resulted in a critical coverage gap that increases the rate of medical debt incidence compared to states with expanded coverage (Caswell et al., 2020). In

general, being a woman, Black, Hispanic, disabled, living in a low-income zip code, or living in a state that did not expand Medicaid increases the likelihood of being in medical debt (Kluender et al., 2021).

Policies on Debt Collection: An Unexplored Space

There is little evaluative research on best policy practices for alleviating the burden of medical debt on consumers and courts. Some stakeholders advocate for greater consumer protections upstream before medical debt can accrue to devour their savings (Tradeoffs, 2024). States such as Oregon require hospitals to implement financial assistance programs, including reduced charges for low-income patients (McClendon and Kallattil, 2024), though such programs must still be monitored for hospitals that mistakenly sue patients who qualify for charity care (Richman et al., 2024).

California, Connecticut, and Oregon are among the states that have instead lowered litigation rates by targeting the plaintiffs of collection lawsuits (Aneja et al., 2024; McClendon and Kallattil, 2024). These states mandate stricter documentation from debt collectors, and particularly third-party buyers, to prove the debtor owes the amount being claimed either before filing suit or before a judgment can be rendered. This makes it more difficult to file, addressing the enormous rise in debt collection lawsuits. Still, civil rights advocates call for more robust protections for defendants, whether through clearer notifications of summonses or greater access to legal assistance (Texas Appleseed, 2021). Additional policies focus on protecting consumers from burdensome post-judgment debt collection. For example, Minnesota's Debt Fairness Act establishes income-based caps and protects necessities like vehicles and electronics (Ellison,

2024). These protective policies resist the self-perpetuating effect of debt by giving debtors the opportunity to generate wealth (Texas Appleseed, 2021).

Texas's unique mix of progressive consumer protections and the non-expansion of Medicaid makes it an intriguing case study for debt collection policies. In 2021, roughly 385,000 debt collection cases were filed in Texas courts, resulting in more than 37 percent of Texans with credit files having non-mortgage debt in collections (Texas Appleseed, 2021). The share of Texas and Harris County residents with debt in collections is higher than the nationwide average (Andre et al., 2024). These broader debt patterns provide important context for understanding how medical debt, in particular, is shaped by Texas's legal and policy environment. The higher rates of debt in collections may be in part because Texas is one of 10 states that opted out of Medicaid expansion (KFF, 2024). Participation in Medicaid expansion has been linked to a decline in medical debt (and therefore overall debt levels), particularly for low-income neighborhoods (Kluender et al., 2021), and a lower probability of having debt sent to collections (Caswell et al., 2020).

The state's constitution also grants debtors some unusually progressive protections. Texas is one of only four states in the nation that bans wage garnishment and the seizure of family homes to collect medical debt, although it does permit wages to be garnished after being deposited into a bank (Caporal 2024). State law additionally protects certain other types of personal property (Texas State Law Library, 2024a). Wage garnishment is a legal procedure through which a person's wages can be withheld by an employer because of an unpaid debt (U.S. Department of Labor). Banning wage garnishment could lower the incentive for hospitals and third-party debt

buyers to sue for medical debt because there is no guarantee that they will receive the payment through the garnishment of wages. This means that banning wage garnishment is a significant consumer protection that could deter hospitals and third-party debt buyers from litigating cases of medical debt.

In an effort to stymie the tide of debt collection cases, state lawmakers in 2013 implemented Rules 508.2 and 508.3, which increased the amount of information that needs to be included to file a case and receive a default judgment. They hoped to reform the documentation requirements on collectors filing lawsuits in state court, though studies have found mixed results on the rules' efficacy. The rules had an insignificant or unclear effect on the number of debt filings, judgment amounts, time to judgment, dismissal rates, and defendant representation rates (Aneja et al., 2024).

Another important feature that may help explain patterns in medical debt litigation is the structure of Harris County's civil court system. Harris County offers a valuable case study for medical debt. As the nation's third-largest county and home of the world's largest medical complex, the Texas Medical Center, Harris County provides medical services to over 10 million patients each year (Harris County, 2019). Although mostly governed by the same policies as the rest of the state, its court system is unique. Debt claims under $20,000—including most medical debt lawsuits—fall under the jurisdiction of the Justice of the Peace Courts. These courts operate with fewer procedural requirements and are intended to be more accessible for self-represented defendants (Texans for Lawsuit Reform, 2020). This lower-barrier court structure, while designed to enhance access to justice, may also affect the volume and nature of debt collection

lawsuits filed in Harris County. Taken together with policies like wage garnishment protections and the absence of Medicaid expansion, Harris County's court design adds another layer to the complex set of legal and institutional factors that shape how medical debt is pursued through litigation in Texas.

Measuring Medical Debt in Harris County

January Advisors is a data consulting firm that works with government agencies, non-profits, program officers, and researchers. The organization has previously examined debt collection lawsuits in Minnesota, Michigan, and Oregon, including the share of cases involving medical debt. During these studies, they found that 17 percent of overall debt lawsuits were medical in Minnesota, 9 percent in Michigan (excluding third-party debt collectors), and 34 percent in Oregon (Michigan 2022; Minnesota 2023; McClendon and Kallattil, 2024). These findings motivated a broader investigation into medical debt patterns across different jurisdictions.

January Advisors had also conducted research in Harris County, and their prior work on eviction data contributed to a growing interest in debt-related litigation in the region. They viewed Harris County as a particularly compelling site for this study due to several overlapping policy features already discussed in this report. In particular, they were interested in how Texas's ban on wage garnishment, the state's lack of Medicaid expansion, and the presence of the Texas Medical Center might influence medical debt litigation.

Within Harris County, the issue of medical debt is understudied, meaning there is limited research on the quantity of medical debt and the communities of those most affected by it. Our

project sought to fill in gaps in knowledge around the severity of medical debt within Harris County. This knowledge can be used by January Advisors and other interested stakeholders, like policymakers, to generate research-backed solutions and push for changes that those suffering from medical debt desperately need.

Research Questions

We designed our study with two main goals in mind: (1) to describe the overall landscape of medical debt collection in Harris County courts, and (2) to better understand how a person's demographic characteristics—such as race, ethnicity, or neighborhood income—might be related to how their case proceeds or how it is resolved.

To better understand the scope of medical debt collections, we looked at broad trends across thousands of court records. These included patterns in who is being sued, how often medical debt cases are filed, and what kinds of outcomes those cases typically have. We asked the following questions:

1. How much medical debt is owed by Harris County residents?
2. How has the number of medical debt lawsuit filings changed between 2018 and 2022?
3. Who are the communities most burdened by medical debt? (by income, race/ethnicity)
4. What proportion of medical debt lawsuits are by third-party collectors?
5. What proportion of medical debt defendants have legal representation?
6. What proportion of medical debt collection lawsuits end in default judgment?

To explore disparities in how cases proceed and how they are resolved, we analyzed whether certain defendant characteristics were consistently linked to different case outcomes. We focused on two main questions:

1. In Harris County, how does a defendant's demographics affect their likelihood of getting sued for medical debt claims?
2. In Harris County, how does a defendant's demographics affect their medical debt claim case outcomes?

Our goal with these questions was not to establish causal relationships, but rather to identify whether structural inequities, such as unequal access to legal support or disproportionate lawsuit targeting, might help explain broader disparities in medical debt burdens.

By investigating both the scale of medical debt litigation and the demographic patterns within it, our study contributes to a deeper understanding of how the legal system intersects with economic and racial inequality. This research provides valuable insight for policymakers, advocates, and researchers seeking to improve fairness and transparency in medical debt collection practices.

Methodology

Our methodology performed two sampling methods on a dataset of all cases in Harris County Justice of the Peace Courts from 2018 to 2022. This dataset included basic case information (e.g., plaintiff name, defendant name, case type, judgment amount) for 209,683 cases, but did

exclude certain details (e.g., original creditor information in debt cases). Our first sampling method investigated a sample of cases for clues of medical debt, while the second scanned the entire dataset for medical plaintiffs. These two methods enabled us to draw different conclusions about the scope and nature of medical debt in the county.

Given that our full dataset included many non-medical debt cases, we first cleaned out verifiably non-medical plaintiffs by manually examining the 50 plaintiffs with the largest number of cases in the dataset and removing non-medical original creditor plaintiffs (See Appendix A for a list of removed plaintiffs). Debt buyer companies, although not specifically medical, were left in because they deal with some medical debt. We also filtered out non-debt cases, including those with non-debt case types and cases that were still active. This ensured that we could better analyze case outcomes. These steps removed 144,808 clear non-medical debt cases from the docket, leaving 64,875 cases remaining.

Our methodology was dual-pronged. To uncover hidden medical debt, we took a random sample of 1,000 case numbers out of the cleaned dataset. For each case, we retrieved the original petition document from the Harris County Odyssey portal and reviewed the plaintiff and original creditor information to determine if a case was medical debt. We defined medical debt as debt resulting from necessary medical or dental services. This included medical institutions like hospitals or clinics, but not spas or plastic surgery offices. If the plaintiff was medical (e.g. a hospital suing a patient), we marked the case as medical and documented the plaintiff name. If the plaintiff was a third-party debt collector, we reviewed the original petition document for original creditor information. Only third-party debt collectors had relevant original creditor information, as in

other cases the original creditor was also the plaintiff. If the original creditor was a medical institution, we marked a case with third-party debt buyers as medical and documented both the plaintiff and original creditor. This process allowed us to identify what proportion of debt claim cases are medical and of those how many come from third-party plaintiffs.

As this method did not provide enough cases to significantly analyze our primary research questions, we also compiled a list of all unique plaintiffs to manually check for likely medical institutions (see Appendix B for a description of methodology shifts over the course of the study). This was our second sampling method. Out of 10,579 plaintiffs in our cleaned data, we found that 155 were likely medical. These included hospitals, clinics, dental offices, and other institutions that primarily provide medical care. These 155 plaintiffs corresponded with 710 cases filed by identifiably medical plaintiffs. Though this data does not reflect hidden debt, it allows for significant analysis of the relationship between a defendant's demographics and case outcomes within medical debt claim cases.

These two datasets provide insights into different questions. Using the sample of 1,000 cases, we drew conclusions about the prevalence of third-party debt collectors for the medical debt field. Using the set of cases identified as having medical plaintiffs, we analyzed demographic disparities in court proceedings and outcomes. We also used this second set of cases to quantify the frequency of certain outcomes (such as default judgment) and the proportion of medical debt within Harris County courts.

Findings

Overall, we found a surprisingly low amount of medical debt within civil debt claim lawsuits. These findings were unexpected given previous studies in other states. Within the debt we did find, there were geographic, racial, and socioeconomic inequities, particularly in medical debt burden and case outcomes.

Harris County has an unexpectedly low number of medical debt lawsuits

We found a much lower number of medical debt cases than expected. 13 out of 1,000 civil debt cases in our sample are medical in nature. Of these, 7 came from third-party debt collectors. For all third-party debt cases, the original creditor was a medical credit card (such as Synchrony Bank's CareCredit card) rather than a medical institution. Expanding on this rate, we can estimate that 843 cases in the dataset are medical. Factoring in the non-medical plaintiffs filtered out during data cleaning (see Appendix A), this is only 0.68 percent of all civil debt cases filed in Harris County Justice of the Peace Courts.

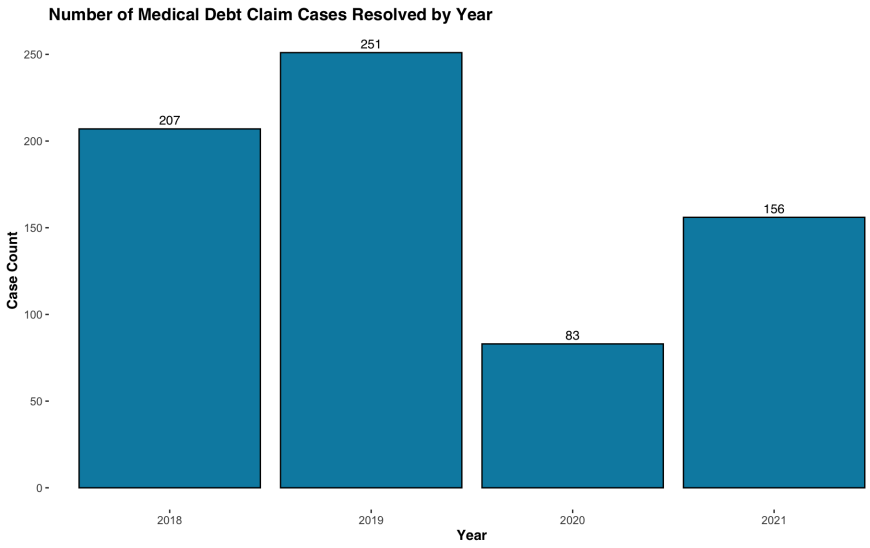
Approaching the same question of quantifying medical debt with our other methodology, we found 0.57 percent of civil debt cases in Harris County are medical. We expected this to be lower than our other estimate, as it largely does not incorporate third-party debt collectors. In total, these cases amount to $1.9M in lawsuit claim amounts and $1.0M awarded to plaintiffs between 2018 and 2022.

We suspect that medical debt exists within Harris County, but residents are not sued for it at the same rate as in other places. Both of our methods show a lower-than-expected rate of medical

debt out of all civil lawsuits, yet credit report data shows that Harris County has a share of residents with medical debt that is slightly higher than the national average ("Debt" 2024). Previous studies in other states found that between 9 and 34 percent of debt claim cases were medical, making Harris County stand out (Michigan 2022; Minnesota 2023; McClendon and Kallattil 2024). Taking this information together, we hypothesize that the lack of medical debt found stems from something impacting judicial processes (such as a lower rate of hospitals initiating lawsuits) rather than medical costs.

Based on original creditor data, the number of medical cases was relatively consistent over time before a sharp drop during 2020. This is likely due to the COVID-19 pandemic, as general civil lawsuit litigation and elective medical procedure rates fell. As of 2021, medical debt claim cases appeared to be back on the rise (see Figure 2).

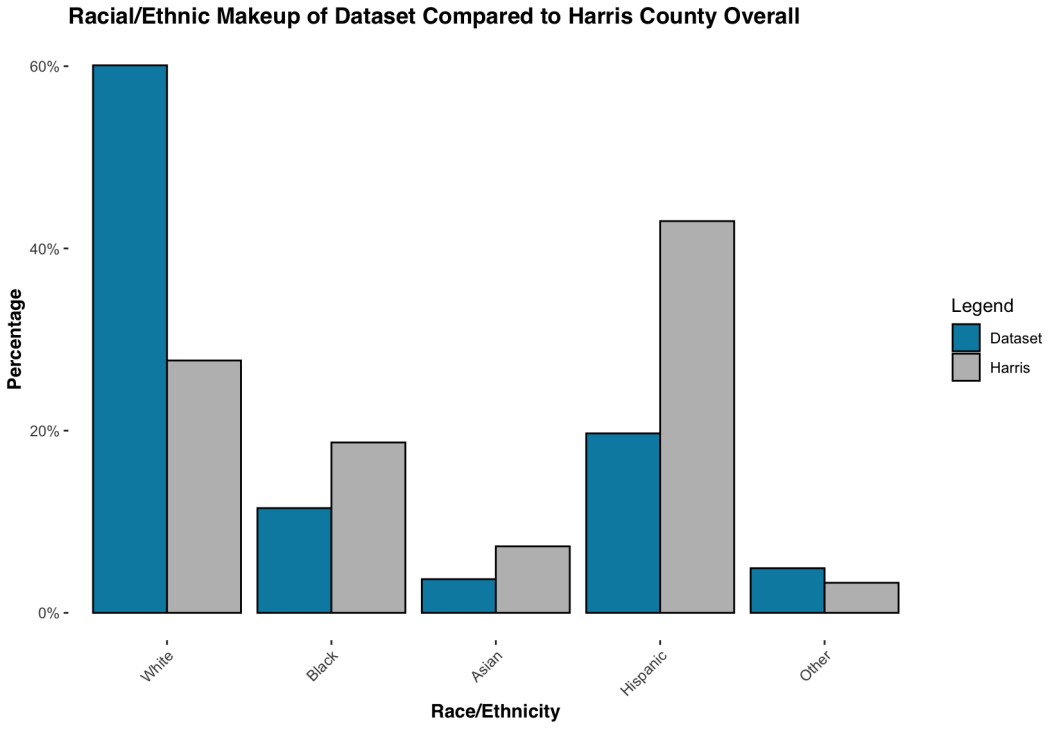
Figure 2. Medical debt claim cases fell during the COVID-19 pandemic but quickly began approaching original levels in 2021



There are racial and geographic disparities in defendant demographics

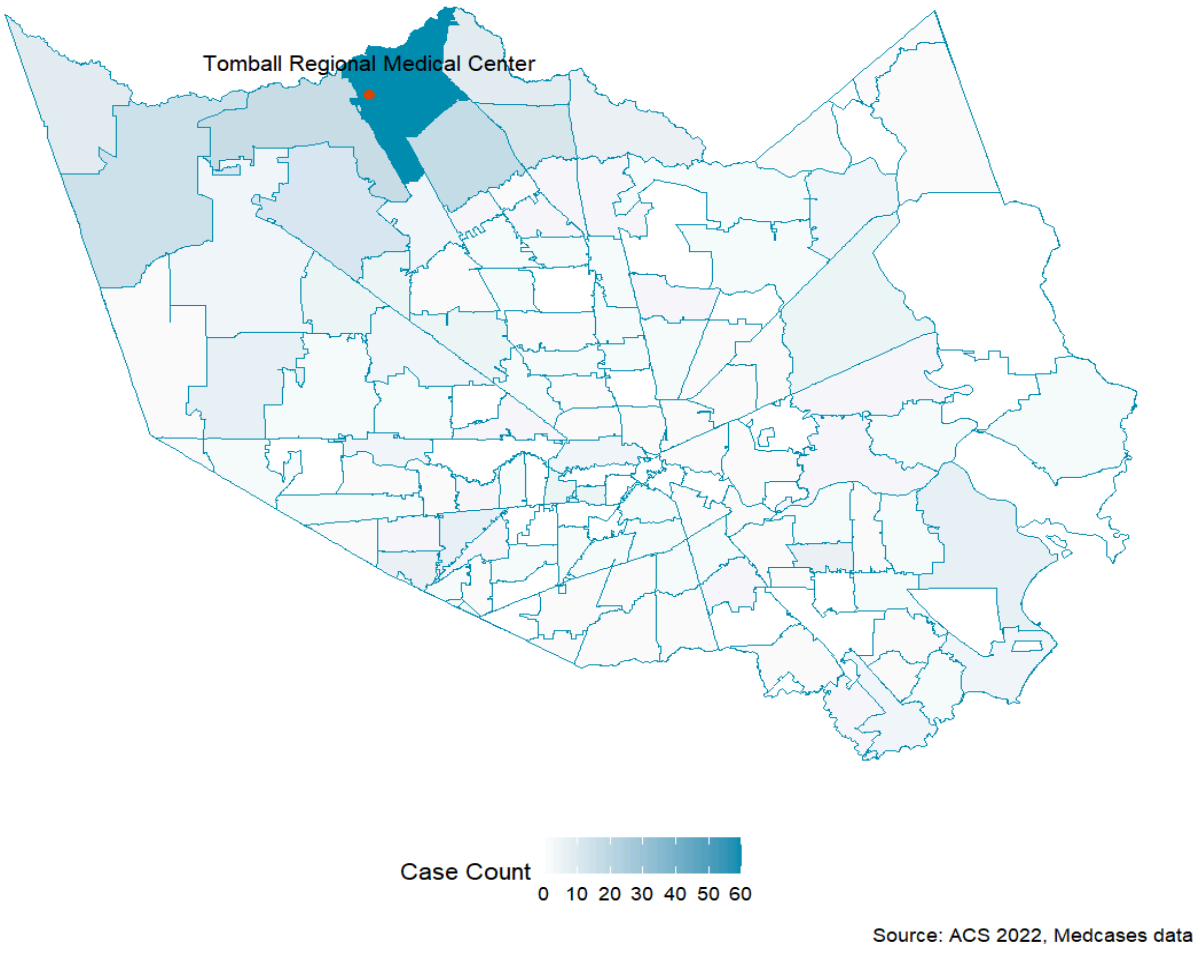
Within our original creditor dataset, most defendants in medical debt lawsuits were non-Hispanic White. 427 of 710 total defendants (60.1 percent) were White, followed by 19.7 percent Hispanic defendants and 11.5 percent Black defendants (see Figure 3). The disproportionate number of White defendants compared to Harris County race/ethnicity shares likely reflects a limitation in our methods rather than any discrimination, however. Over 300 of the 710 medical cases we found originated from Tomball Regional Medical Center, a hospital in a predominantly White area. Additionally, medical debt lawsuits against racial minorities are often filed by third-party debt collectors or banks, which would not be captured as identifiable medical plaintiffs.

Figure 3. Most medical debt claim cases analyzed involved White defendants, making the dataset unrepresentative of Harris County overall



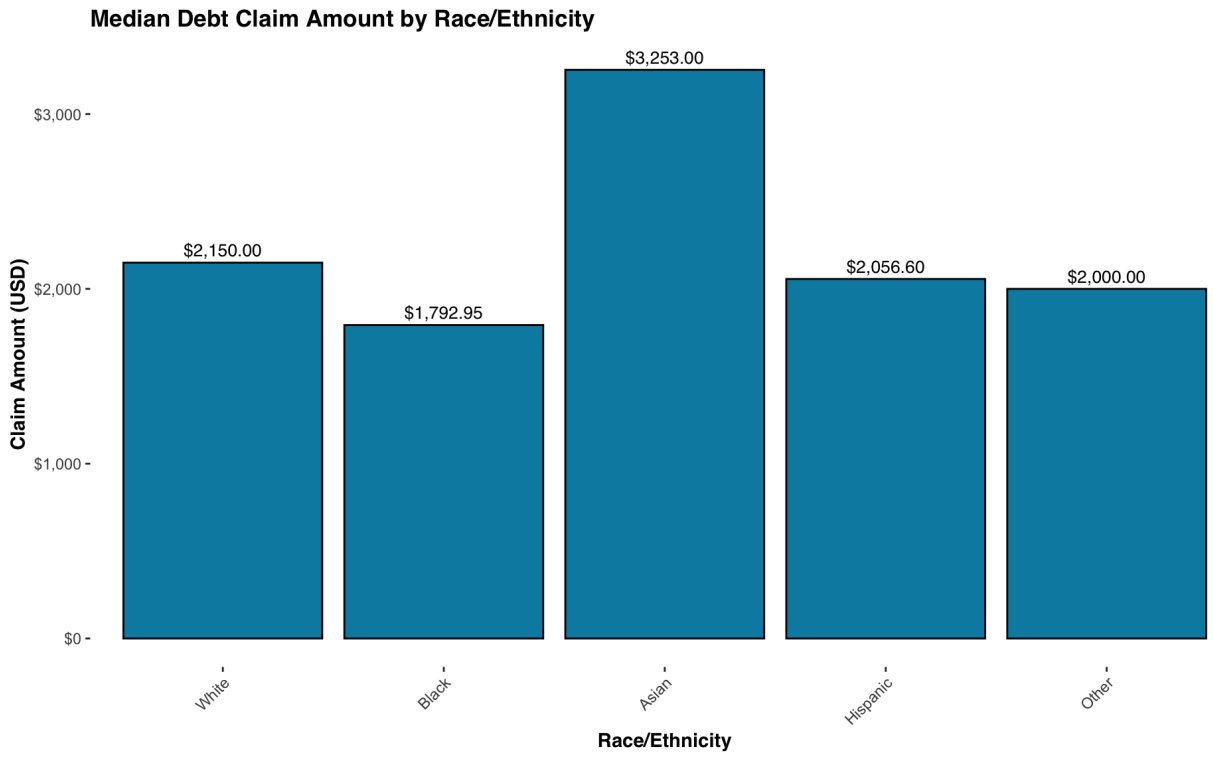
This geographic inequity shows in the high concentration of cases in the northern ZIP codes of the county (see Figure 4). We suspect that geography impacts choice of hospital or medical center, which then affects their chances of being sued for collections. With a relatively limited number of hospitals in the county willing to sue, choosing an institution that regularly engages with the judicial system for collections can lead to a higher likelihood of debt claim lawsuits.

Figure 4. Most medical debt claim cases are in the northern parts of the county in close proximity to Tomball Regional Medical Center



The overall median claim amount is $2,124 and is largely similar across different racial groups (see Figure 5). Asian defendants were the exception to this trend, with a median debt claim amount over $1,000 more than the average for all groups. However, this could be due to a lower number of cases in this group allowing variation in data to have a larger impact.

Figure 5. Defendants across race/ethnicity groups (besides Asian defendants) were sued for similar amounts

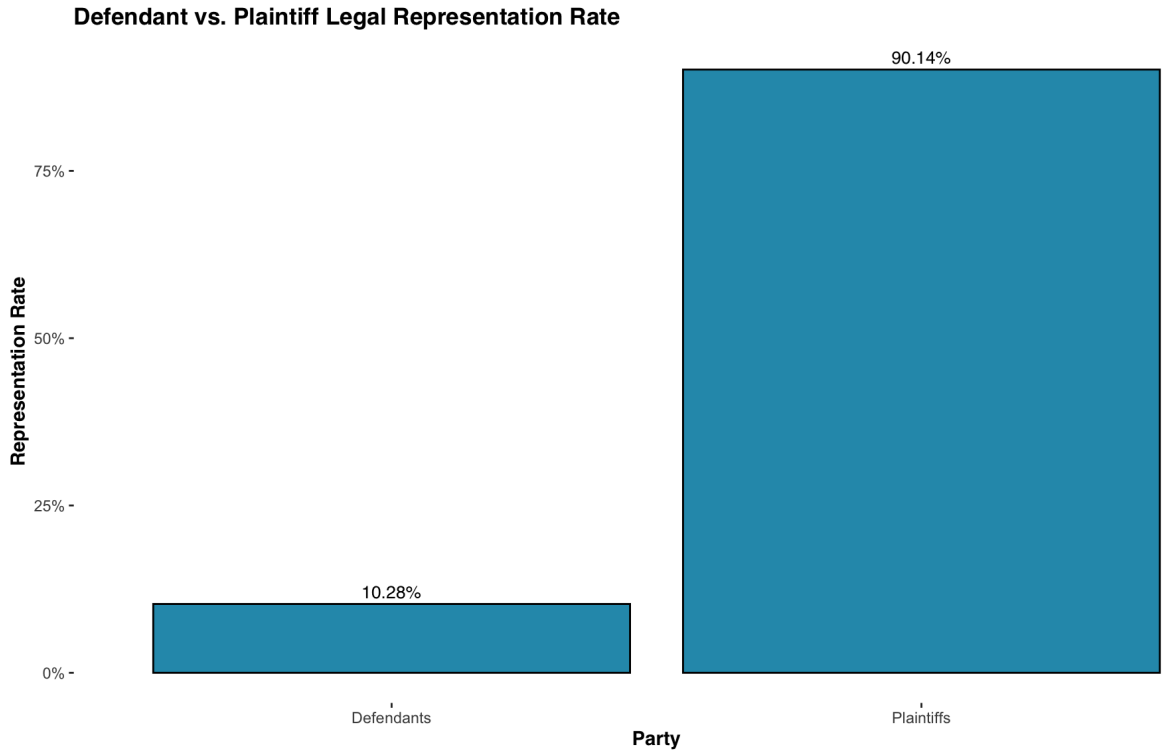


Case outcomes show socioeconomic and racial inequities

Most defendants do not have access to a lawyer in medical debt lawsuits, though disparities are not equal amongst all groups. While the vast majority of medical debt plaintiffs (90.14 percent) have legal representation in Harris County, a small minority (10.28 percent) of defendants in

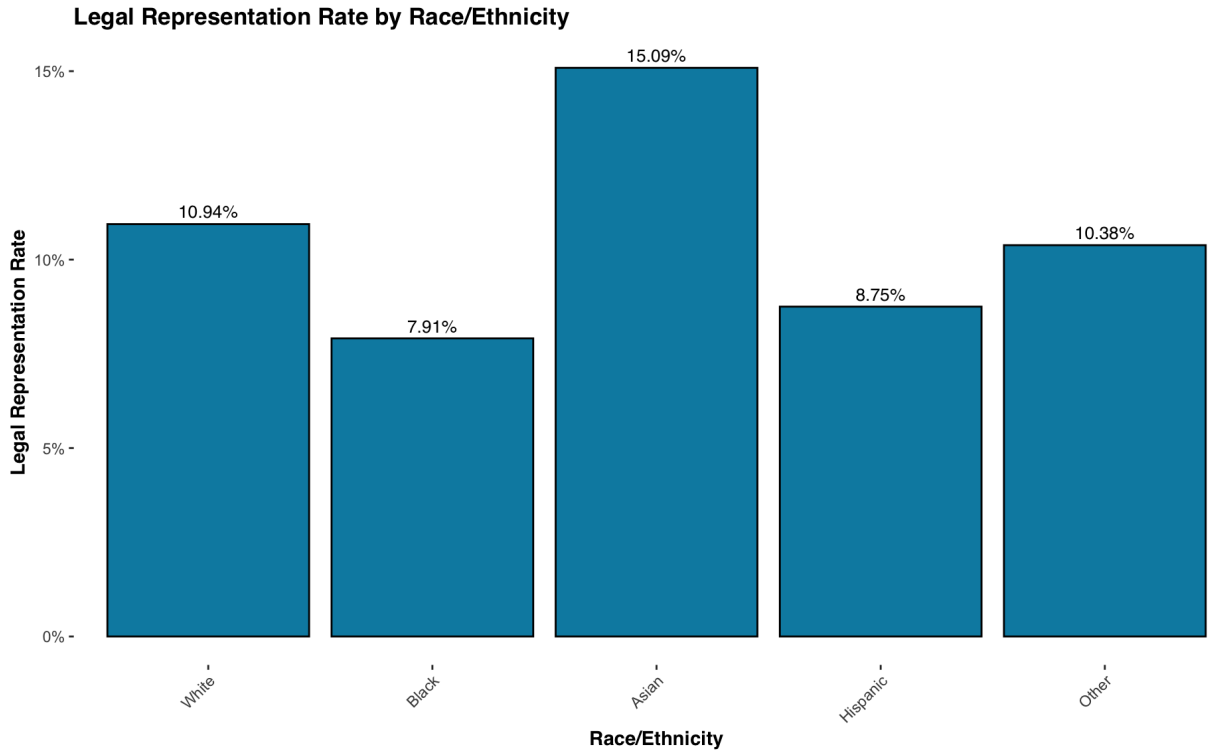
those lawsuits enjoyed the same benefit (see Figure 6). This finding is in line with disparities in legal representation observed in other jurisdictions.

Figure 6. Medical debt plaintiffs enjoy legal representation at much higher rates than defendants



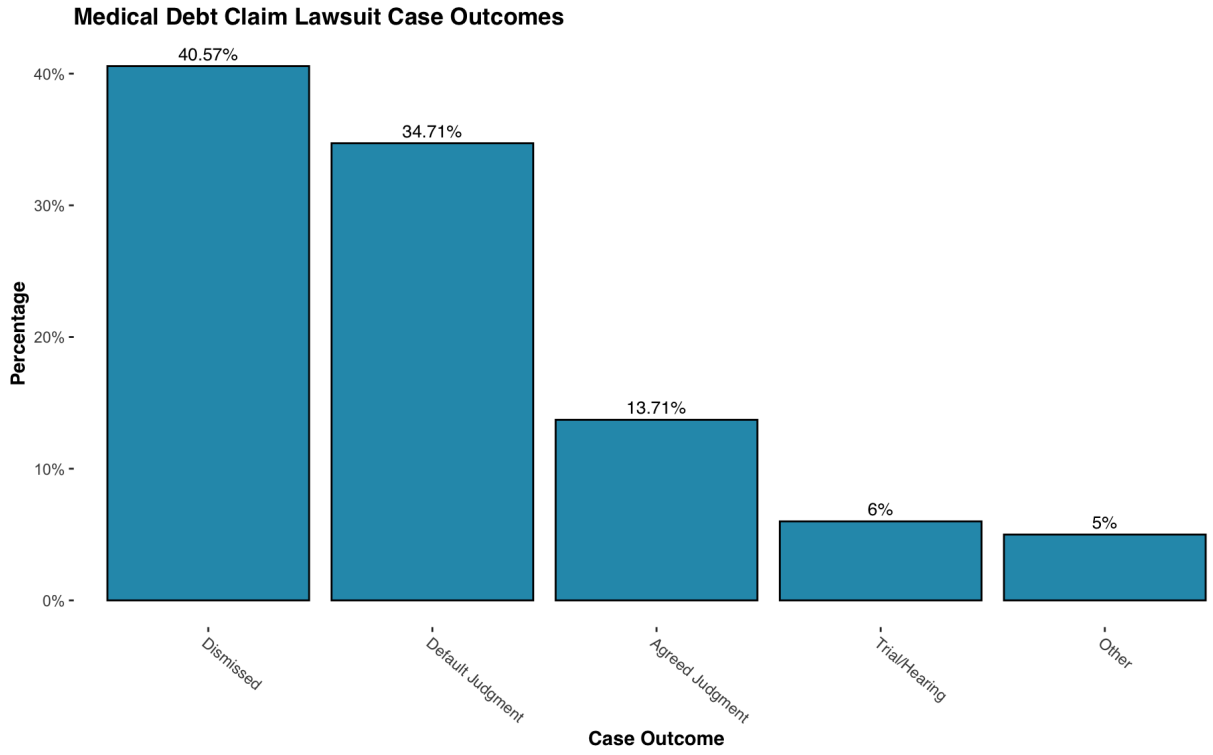
We also observed race-based disparities in defendant legal representation rates. Black (7.91 percent) and Hispanic (8.75 percent) defendants were disproportionately likely to lack legal representation in medical debt cases, well below the average rate of 10.28 percent. This finding likewise aligns with inequities observed in other jurisdictions. Asian defendants (15.09 percent) were more likely to have legal representation (see Figure 7). This could be a result of being sued for higher claim amounts than other groups, as a lawyer may be more expensive than the debt claim itself in low-dollar cases. Having legal representation is important because legal representation rates correlate closely with case outcomes, which we discuss below.

Figure 7. Black and Hispanic defendants have much lower legal representation rates than White and Asian defendants



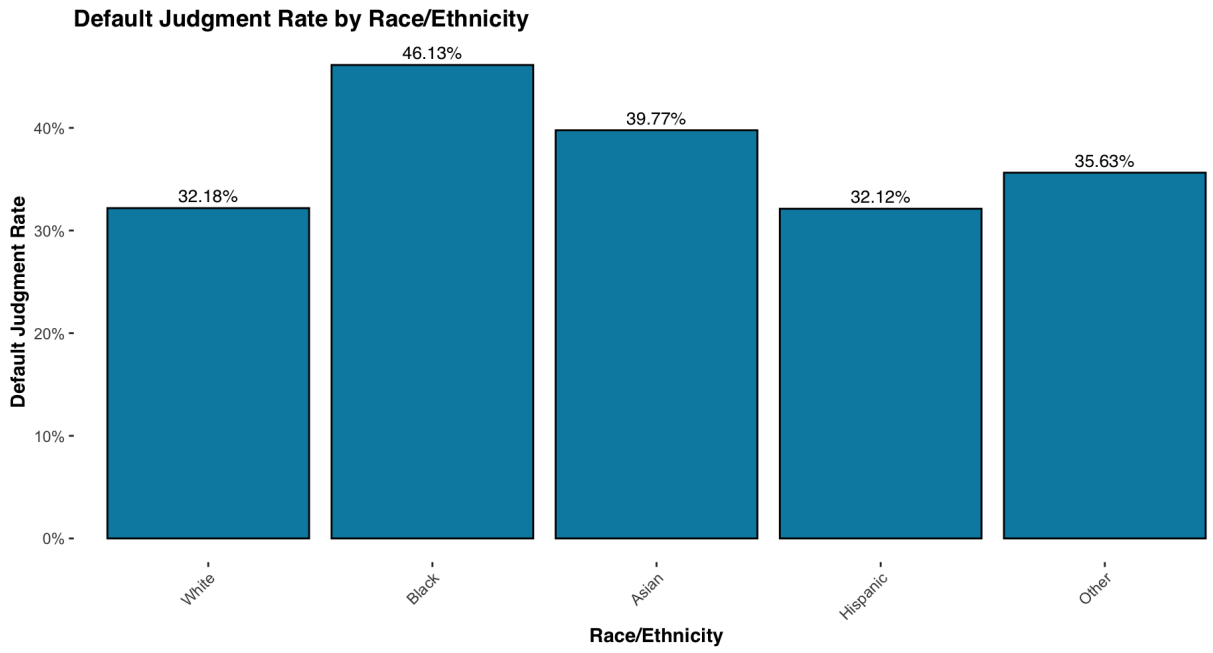
Overall, medical debt cases resulted in a default judgment 34.71 percent of the time. Default judgments are negative for defendants because they show a lack of participation in the court process and result in an automatic loss. This finding is significantly lower than what has been observed for other types of debt in Harris County and with medical debt in other jurisdictions (Chiapetta 2023; Michigan 2022; Minnesota 2023; McClendon and Kallattil, 2024). Instead, a plurality of cases are dismissed (40.57 percent), meaning either that the plaintiff dropped the case (generally after a judgment in favor of the defendant) or that they were not argued in court (see Figure 8).

Figure 8. Proportions of final dispositions for medical debt claim lawsuits



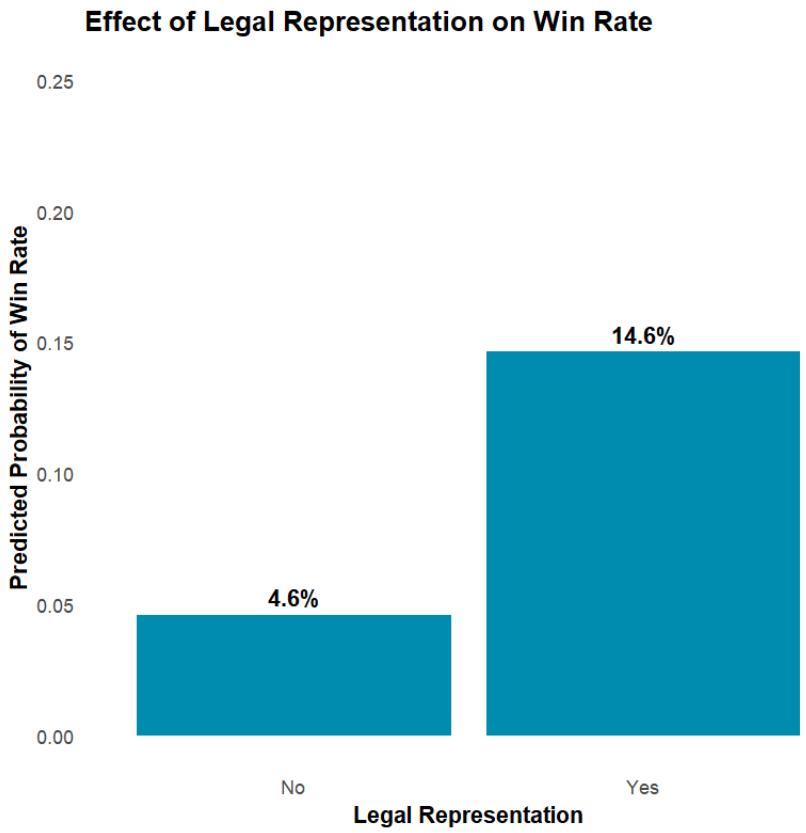
Black (46.13 percent) defendants faced significantly higher rates of default judgments than any other demographic group analyzed (see Figure 9). This is in line with our finding that Black defendants had the lowest rate of legal representation among all race/ethnicity groups. Altogether, Black defendants appear to have weaker access to the resources to answer medical debt claims against them and, in turn, display a greater likelihood to be ruled against without contest in debt claim lawsuits.

Figure 9. Black defendants receive default judgments at the highest rate of any race/ethnicity group



Defendants with legal representation generally had better outcomes than defendants without. Defendants with legal representation were both more likely to receive a judgment in their favor and more likely to have a judgment amount lower than the original claim amount than defendants without legal representation. Our model predicts that, of defendants whose medical debt cases have a trial or hearing by a judge, defendants with legal representation are expected to win 14.6 percent of the time (see Figure 10). Though this is still low, defendants without legal representation are expected to win just 4.6 percent of the time by comparison.

Figure 10. Defendants with legal representation are more than three times as likely to win their case as those without legal representation



However, not all defendants are equally likely to have legal representation. Although the rate of legal representation is low overall, a defendant is more likely to have it if they live in a wealthier neighborhood (see Figure 11). We also found that defendants who live in higher-income neighborhoods are more likely to respond to medical debt lawsuits. The rate of default judgment decreases as the median income of the neighborhood increases (see Figure 12).

Figure 11. The likelihood of a defendant having legal representation increases as the median income of their neighborhood increases. Labeled points represent Harris County's median and 80th percentile income.

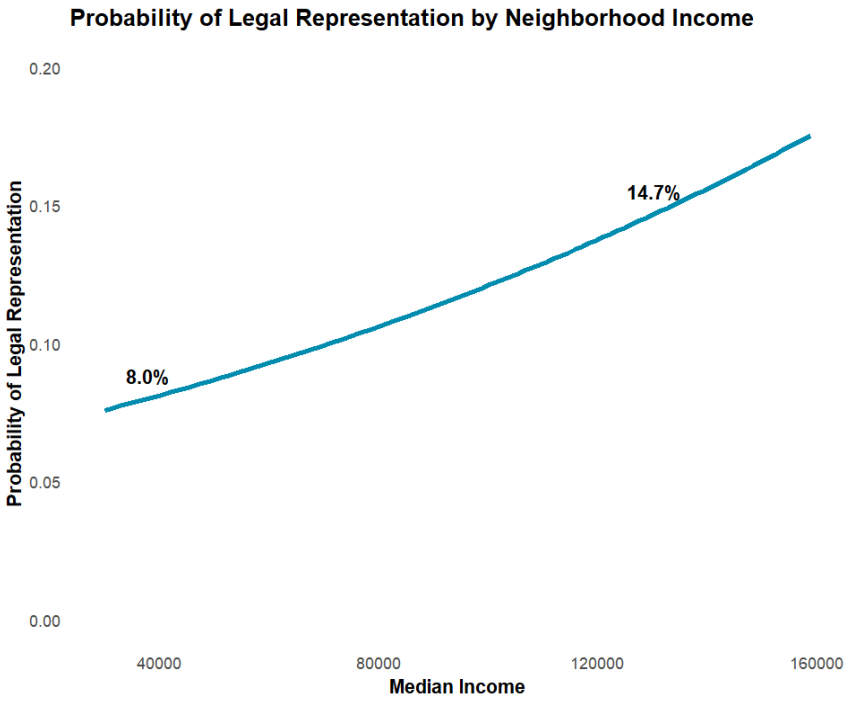
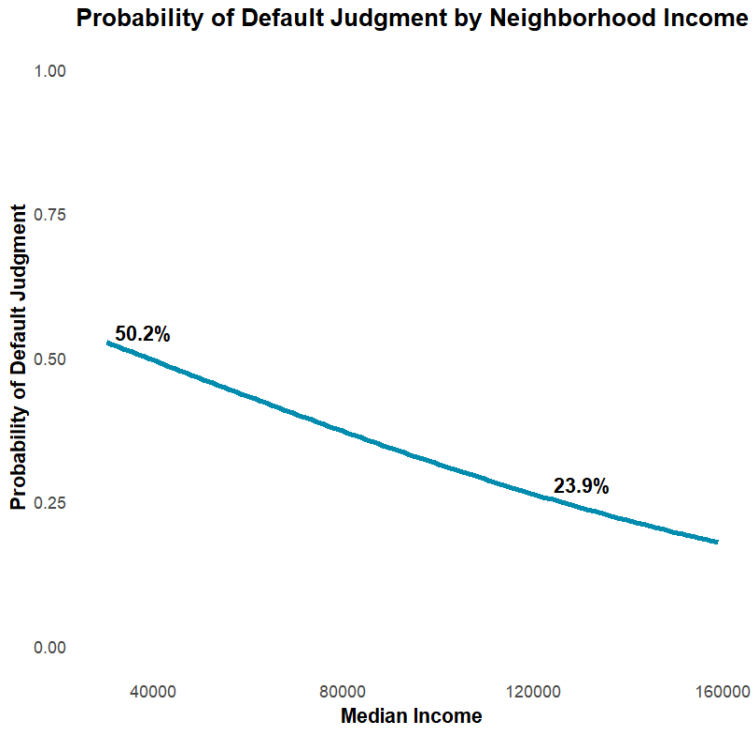


Figure 12. The likelihood that a case ends in default judgment decreases as the median income of the defendant's neighborhood increases. Labeled points represent Harris County's median and 80th percentile income.



Significance of Key Findings

The unexpected nature of our results raises questions about why there was such little debt within our sample. Finding a proportion of medical debt up to 50 times lower than other jurisdictions could indicate that Harris County is doing something well that other places should replicate. Texas is one of only four states in the nation that bans wage garnishment and the seizure of family homes to collect medical debt (Caporal 2024). Though more research is needed to understand the role of this policy in mitigating negative effects of medical debt collection lawsuits, we suspect that this strong consumer protection contributes to the low number of cases we found. Comparing the rate of medical debt we found to similar research in Minnesota, Michigan, and Oregon, Harris County had the lowest incidence of medical debt by far. These states, despite all having stronger consumer protections on issues like Medicaid expansion, do not protect against wage garnishments to the level that Texas does. In each state, the debt holder can garnish up to 25 percent of a debtor's disposable wages (Caporal 2025). Given that it is more difficult in Texas to collect on money won in court due to wage garnishment protections, it could explain why institutions seem less likely to sue for medical debt in Harris County.

At the same time, the difficulty of uncovering medical debt in the first place acts as a barrier for strong understanding of the issue space. To discover the lack of debt within the county required thorough and complex methods that may not be accessible to those who could use that data.
This might prevent policy makers or other stakeholders from understanding the scope of medical debt or reaching the most effective solutions in attempts to reform debt collection lawsuits.

Recommendations

Based on these findings, we present several recommendations for the state of Texas, policymakers, and researchers. These recommendations aim to lessen the unequal burden of medical debt and enable further research into the issue. Our recommendations are as follows.

Texas should increase data transparency

A major obstacle in identifying nuanced solutions to medical debt is a lack of transparency in the medical debt collections process. Currently, the only medical debt that can be easily identified is when the hospital itself sues patients, or when the plaintiff names themself as suing for some medical purpose. Even when manually examining court filings, medical debt can only be identified when a plaintiff voluntarily discloses in court filings that some aspect of the debt they are collecting has medical origins (e.g., a bank specifying that the debt it is collecting is on a medical credit card). Most times that a defendant is sued by a third-party debt buyer, third-party debt collector, or a credit card company, there is no indication that the debt was ever medical.

Although Texas is considered a leader in reporting data on overall consumer debt collections, state reports make no mention of medical debt in particular (Pew Charitable Trusts, 2020). Highlighting medical debt as a unique category of debt would significantly aid medical debt collection reform. For example, Connecticut state law mandates that debt collection lawsuits involving medical debt disclose the presence of medical debt in the lawsuit. Implementing similar policies in Texas and other states would reveal the full extent of medical debt collections in the state. This, in turn, would enable further research into medical debt, remove the ability of hospitals to indirectly sue their patients through third parties, and potentially create public

pressure on institutions that regularly use litigation to collect medical debt. Unless Justice of the Peace courts engage in a coordinated effort to question plaintiffs about the nature of debt, this reform must be implemented by the Texas state legislature to mandate the disclosure of medical debt.

Texas should preserve its rules against wage garnishment

While the full extent of medical debt may be hidden, it's worth noting that wage garnishment protections still provide a disincentive against medical debt litigation. These protections may act as a strong enough disincentive to contribute to the lack of medical debt in the county. Given the unique nature and apparent effectiveness of this policy, Texas politicians should use legislation to maintain wage garnishment protections and reject any legislation that would weaken protections.

Policymakers should recognize complexities in implementing reform

Considering the complexity of medical debt collections coupled with complications from third-party debt buyers, banks, and credit cards, policymakers should be cognizant of the difficulty in putting medical debt reforms into practice. The effectiveness of any legislation governing medical debt collections rests largely on its implementation: particularly in the definition of medical debt within policy, which parties are covered by the law, and the relative ease for overwhelmingly self-represented defendants to prove that contested debt is medical. Additionally, without a plan for how to identify medical debt, policies aimed at reform would be ineffective and hard to enforce. Recognizing these difficulties will allow policymakers to create unambiguous policies, including clear requirements for tracking medical debt as it travels

through third parties and measures to enable defendants' participation in court proceedings, and avoid implementation issues that could jeopardize reform efforts.

Researchers should further investigate the underlying dynamics of medical debt collections

Our research leaves several questions unanswered that are key to better understanding medical debt. The first of these is the role of medical credit cards. Medical credit cards are designed as a payment tool for those struggling to pay debt, but often include steep penalties for nonpayment. This holds various implications for medical debt collections. For example, consider that in conversations with debt collectors, some debt collectors denied dealing with medical debt despite purchasing and litigating debt on medical credit cards. In this sense, purchasing medical credit card debt can be a way for debt collectors to transact medical debt while avoiding directly dealing with hospitals. However, it's worth noting that banks often disclose certain account details when suing to collect debt, which can include whether the account is that of a medical credit card. In this case, medical credit cards are more visible in court records than medical debt placed on a general credit card. Further research is needed to better understand whether medical credit cards are more harmful or helpful for consumers and which consumers are most affected by them. Researchers with access to credit bureau data would be particularly well-suited for this type of investigation.

Researchers should also seek to understand the reasons behind the relative lack of medical debt lawsuits observed in Harris County. Interviews with healthcare finance professionals, lawyers, and other individuals involved in collecting or preventing the collection of medical debt could help uncover whether hospitals in Texas are truly less likely to attempt to collect debt than

hospitals in other states or whether they are simply pursuing debt through alternative channels. If hospitals are simply using alternative channels, researchers should document these channels and identify policy solutions that can effectively address them. If hospitals are truly less likely to sue, researchers should focus on the reasons behind these decisions, potentially highlighting successful state and local policies that disincentivize suing for medical debt so that they may be replicated elsewhere.

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Appendix

Appendix A: Removed Plaintiffs from Data Cleaning

Name	Type
Oportun	Consumer Loan Company
Conn's Appliances	Retail Store
Capital One Bank	Bank
Synchrony	Bank
TD Bank	Bank
Discover	Bank
Bank of America	Bank
SCIL Texas	Consumer Loan Company
Mariner Finance	Consumer Loan Company
Regional Finance Corporation of Texas	Consumer Loan Company
Barclays	Bank
Citibank	Bank
Pima Medical Institute	Trade School
Department Stores National Bank	Bank
Harris County, TX	Government (generally suing for property damage)
Patrick O'Connor & Associates	Tax Consultant
Shell Federal Credit Union	Bank
FAMSA	Retail Store
Excel Finance	Consumer Loan Company
Texas Bay Credit Union	Bank

JP Morgan Chase	Bank
American Express	Bank
JSC Federal Credit Union	Bank
Ross Reporting Services	Court Reporting Service
The Sovereign Group	Financial Advisor
United Automobile Insurance Services	Vehicle Insurance
Memorial Parkway Community Association	Homeowners' Association
Timber Lane Community Improvement Association Inc	Homeowners' Association
State Farm Bank	Bank
Premier Property Tax, LLC	Tax Consultant
Members Choice Credit Union	Bank
Beacon Federal Credit Union	Bank
Toyota Motor Credit Corporation	Vehicle Financing

Appendix B: Shifts in Methodology and Decision-Making Processes

Throughout the course of our research, we adapted our methods to better address our primary questions. Based on similar studies in other jurisdictions, we originally chose to use a random sample of 1,000 cases to uncover and analyze information about medical debt in the court system. In theory, this amount of cases would provide enough data to generalize to the broader data set and draw significant conclusions while also providing a feasible scope. After running a test sample of 50 cases, we found one medical case. We realized that, assuming this test was representative of our data, we would not be able to gather enough cases to run meaningful analyses with a sample of 1,000. Though we could answer a few descriptive questions, we would not be able to address our primary research questions.

At the same time, this method provided unique benefits. The hidden nature of medical debt is well-documented, and the role that third parties play is difficult to quantify. We did not want to lose this angle of our work, but we also needed a realistic way to collect enough data for analysis. To achieve this balance, we chose to maintain our original methodology while also adding a new process, providing two sets of medical debt data that could target different aspects of the issue space. We compiled all unique plaintiff names (out of the cleaned data set, this amounted to 10,579 names) and used a mix of manual searching and AI to determine which plaintiffs were medical. Manual searching involved looking for keywords such as hospital, medical, care, patient, health, dental, and procedures like MRI. We then ran the remaining plaintiffs through an AI search, asking to identify medical-related organizations. All AI-identified institutions were manually checked.

Though this additional method provided a greater amount of cases that allowed us to properly analyze the data, it has its limitations. The data stemming from plaintiff names is not random, and we also cannot analyze it for information on third-party debt buyers. These limitations provide an opportunity for future research to expand the scope of our original research methodology for better results.

Appendix C: Additional Regression Information

Because court data did not report the race of all defendants, we approximated race variables using Bayesian Improved Surname Geocoding (BISG). BISG weights race based on the probability that a person with a given last name in a given geographic region is of a certain race,

based on US Census data. BISG is considered strongly predictive of actual self-reported race (Fremont et al., 2016).