



FREEDOM FROM **MEDICAL** **DEBT**

Putting Vermonters Back On Their Feet

A proposed State partnership with a nonprofit, Undue Medical Debt will use \$1 million of State funds to eliminate up to \$100 million of Vermonters' medical debt.

Proposal Details:

- Vermonters will be eligible for relief if they:
 - have patient accounts that have reached “terminal bad debt status” and
 - are in households at or below 400% of the Federal Poverty Level or that owe medical debt equal to or exceeding 5 percent of household income.
- No cost or tax consequence to eligible Vermonters and no need to apply for relief.
- The proposal would also remove adverse information resulting from the medical debt from a consumer credit report.
- Proposal would use a small portion of funds previously appropriated to the Treasurer’s Office for the purpose of buying down outstanding state bonds.
- No new taxes or fees on Vermonters.

Characteristics of Medical Debt:

- Medical debt burdens 41% of Americans and approximately 62,000 Vermonters.
- People with medical debt are more likely to forego medical attention and have difficulty paying for other basic needs.
- Medical debt is the leading cause of bankruptcy in the U.S.
- Medical debt is often the result of an unexpected bill following an accident or sudden illness. It is a poor indicator of creditworthiness.
- Unlike other debt, consumers often have no idea of the cost of medical care before they receive it and cannot negotiate price or shop around.

Other States with Medical Debt Relief Programs and Proposals:

New Jersey

Arizona

District of Columbia

Connecticut

Pennsylvania

Illinois

Rhode Island