



The Bell Policy Center

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Health Care Billing Requirements for Indigent Patients (HB21-1198)

Testimony to House Health & Insurance Committee

Andrea Kuwik, Policy Analyst • April 21, 2021

Thank you for the opportunity to submit written testimony in support of HB21-1198. My name is Andrea Kuwik, and I'm a policy analyst with the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

At the Bell, we've long been concerned about the deep, long-lasting, and intergenerational consequences of exorbitant debt on Colorado families and communities. It's this concern that drives our strong support for HB21-1198. We know medical debt is the [number one cause](#) of bankruptcy in the United States, and [nearly 20 percent](#) – a number which has been growing since 2018 – of Coloradans report struggling to pay their medical bills. With regard to those who have debt in collections, data from the [Urban Institute](#) shows:

- An astonishing 13 percent of Coloradans have medical debt in collections. Concerningly, these numbers skyrocket to 22 percent when examining the prevalence of medical debt collection in Colorado's communities of color.
- Coloradans without insurance are disproportionately impacted by medical debt. While [6.5 percent of Coloradans](#) were uninsured in 2019, 10 percent of those with medical debt in collections lacked health insurance.
- Finally, maps show the statewide nature of this issue. High rates of medical debt exist throughout the state, with especially significant concentrations in the northeast and southeast corners of our state.

All of these challenges existed well before COVID-19. However, data shows problems with debt have only worsened over the past year.

- Between August 2019 and August 2020, medical debt [increased by 7 percent](#) nationwide.
- Through September 2020, [42 percent of Coloradans](#) said they'd taken on debt to make ends meet during the pandemic – the second highest rate in the country.

The immediate consequences of high debt are staggering, forcing too many people to make difficult choices on whether to spend their limited income on medical bills versus clothing, food, or [any number of other basic necessities](#). Often overshadowed, however, and what we've paid especial attention to at the Bell, are the long-term consequences of debt on families and communities across our state.

- [An inability to pay medical bills impacts one's credit](#), as payment history is responsible for over a third of a person's credit score. Used in determining whether an applicant can rent an apartment, buy a house, or purchase a car, credit scores directly impact where Coloradans are able to live and make a living.
- Concerningly, medical debt's negative effects on one's credit score can also close off traditional forms of low-cost credit (ex: traditional bank loans). As a result, when these Coloradans need credit, they're left to rely on higher-cost predatory lending products. Whether in the form of payday or alternative charge loans, these products are known for their [far higher interest rates, fees](#), and propensity to trap families in long-lasting cycles of debt and poverty.

Exorbitant medical debt has significant consequences, impacting the financial security and well-being of families across our state. It plays a role in whether Coloradans can send their children to college, afford a home, and make long-term investments in their family's well-being. HB21-1198 provides a meaningful solution to help families avoid medical debt to begin with. By taking measures to increase insurance coverage and reduce health care costs for those who need it the most, we can build community wealth and well-being for generations to come.

Thank you again for the opportunity to submit written testimony, and for Representative Judah for bringing forward this bill. We encourage you to vote in support of this important measure.