



FREQUENTLY ASKED QUESTIONS (FAQ)

City of New Orleans Medical Debt Relief Initiative

What is the problem this program is addressing?

Many patients with medical debt are uninsured or underinsured and are experiencing financial hardship. Communities of color are especially burdened by un-payable medical debt. And Black and brown communities have been disproportionately impacted both financially and medically by COVID-19. Medical debts impose psychological and financial burdens and often deter people from seeking the health care services they need which often leads to more expensive ER visits when one's condition worsens. In some circumstances, financially vulnerable people with medical debt feel lasting impacts due to reduced credit scores, wage garnishment, and property liens. With the additional burden of medical debt due to COVID-19, this debt relief program will potentially help hundreds of thousands of New Orleans residents obtain financial stability, improve their health equity, and reduce stress. Debt relief in partnership with local government also brings important attention to this national crisis and can sharpen policy-based responses.

How do people apply for this program?

There is no way to apply for this program. [Undue Medical Debt](#) (Undue) performs an analysis of hospital debt portfolios and identifies qualifying accounts. All accounts that qualify (typically a significant percentage of accounts) will have their debt canceled and will be notified without taking any action. The Medical Debt Relief Initiative can only cancel medical debts if hospitals and health systems located in New Orleans sell or donate portfolios of medical debt to Undue.

How will people be notified?

Undue Medical Debt will notify program recipients by mail if specific medical debts have been acquired and canceled under this program. Program recipient letters will be signed by New Orleans and Undue Medical Debt. Emails may also be used to send notifications.

What is the role of the City's nonprofit partner, Undue Medical Debt?

The City of New Orleans is partnering with **Undue Medical Debt (Undue, see www.unduemedicaldebt.org)**, a national, independent 501(c)(3) charitable organization. Undue will be contacting hospitals and health systems located in New



Orleans and will ask them to sell or donate portfolios of medical debt, allowing the Medical Debt Relief Initiative to cancel debts for New Orleans residents who qualify based on financial hardship and other criteria. The benefits of the Medical Debt Relief Initiative program for patients, communities, and the hospitals themselves will be communicated during these interactions ([see: https://unduemedicaldebt.org/healthcare-provider-partnerships/](https://unduemedicaldebt.org/healthcare-provider-partnerships/)).

Undue will also notify each qualifying patient that their specific medical debt (that Undue has been able to acquire) has been canceled, and that the debt cancellation does not lead to income tax liabilities for program recipients.

Undue will share reports with the City of New Orleans regarding program progress and success throughout the three-year program duration.

What are the eligibility criteria for the program?

To be eligible for medical debt relief, Medical Debt Relief Initiative program recipients must be:

- residents of New Orleans, and
- have incomes up to 400% of current Federal Poverty Guidelines (FPG), or
- have a medical debt that is 5% or more of their estimated household annual income.

Hospitals in New Orleans that provided services to these individuals also must sell or donate medical debts to Undue Medical Debt for purposes of cancellation.

What hospitals will the City of New Orleans partner with for its Medical Debt Relief Initiative?

Any hospital located in New Orleans can partner with Undue Medical Debt and participate in the Medical Debt Relief Initiative.

What is the role of hospitals in the Medical Debt Relief Initiative?

Participating hospitals will enter into a Business Associate Agreement and a Non-Disclosure Agreement with Undue Medical Debt to protect the confidentiality of patient health information and other aspects of the transactions. The hospitals will send account data files to Undue Medical Debt for analysis. Once accounts for qualifying individuals have been identified, hospitals will make decisions on selling and/or donating accounts to Undue Medical Debt. Some hospitals may decide to make their participation public. Others may keep their participation confidential. Either way, patients will be notified of their debt relief.



How will the Medical Debt Relief Initiative get buy-in from hospitals to participate?

Professionals from Undue Medical Debt will share presentations and have discussions with hospitals and health systems about the benefits of the program to patients, communities, and to the hospitals themselves. Numerous hospital organizations across the United States have already recognized these benefits, have completed transactions with Undue Medical Debt and will provide references upon request.

How will this program impact hospitals' finances?

The Medical Debt Relief Initiative will focus on patient accounts that are anywhere from 18 months to 5+ years old (measured from the date services were provided) and after the billing and collections process have been completed. Importantly - even though collections activities may have stopped - the medical debts remain outstanding and continue to have negative economic and health impacts on New Orleans residents. Overall, the impact on hospitals' finances will be positive if they sell medical debt to Undue for cancellation.

What agreements will hospitals make to participate?

Agreements will include:

- Business Associates Agreement
- Non-Disclosure Agreement
- Purchase or Donation Agreement (which specifies transaction terms and responsibilities for removing any adverse credit information that applies to the accounts)

What information will hospitals have to share?

Hospitals will need to share patient account data files, following specifications as provided by Undue. The data includes patient demographic information, insurance status and payer, dates of service, balances still owed, and other information that identifies which individuals qualify for debt cancellation and which do not. All of the data sharing is HIPPA compliant.

How will purchase prices for portfolios of qualifying medical debt be established?

Undue Medical Debt offers a standard pricing model that proxies the fair market value of medical debt. Prices vary based on the age of the accounts. Older accounts are priced lower. Overall, qualified medical debt will be purchased for pennies on the dollar of the debt's face value.