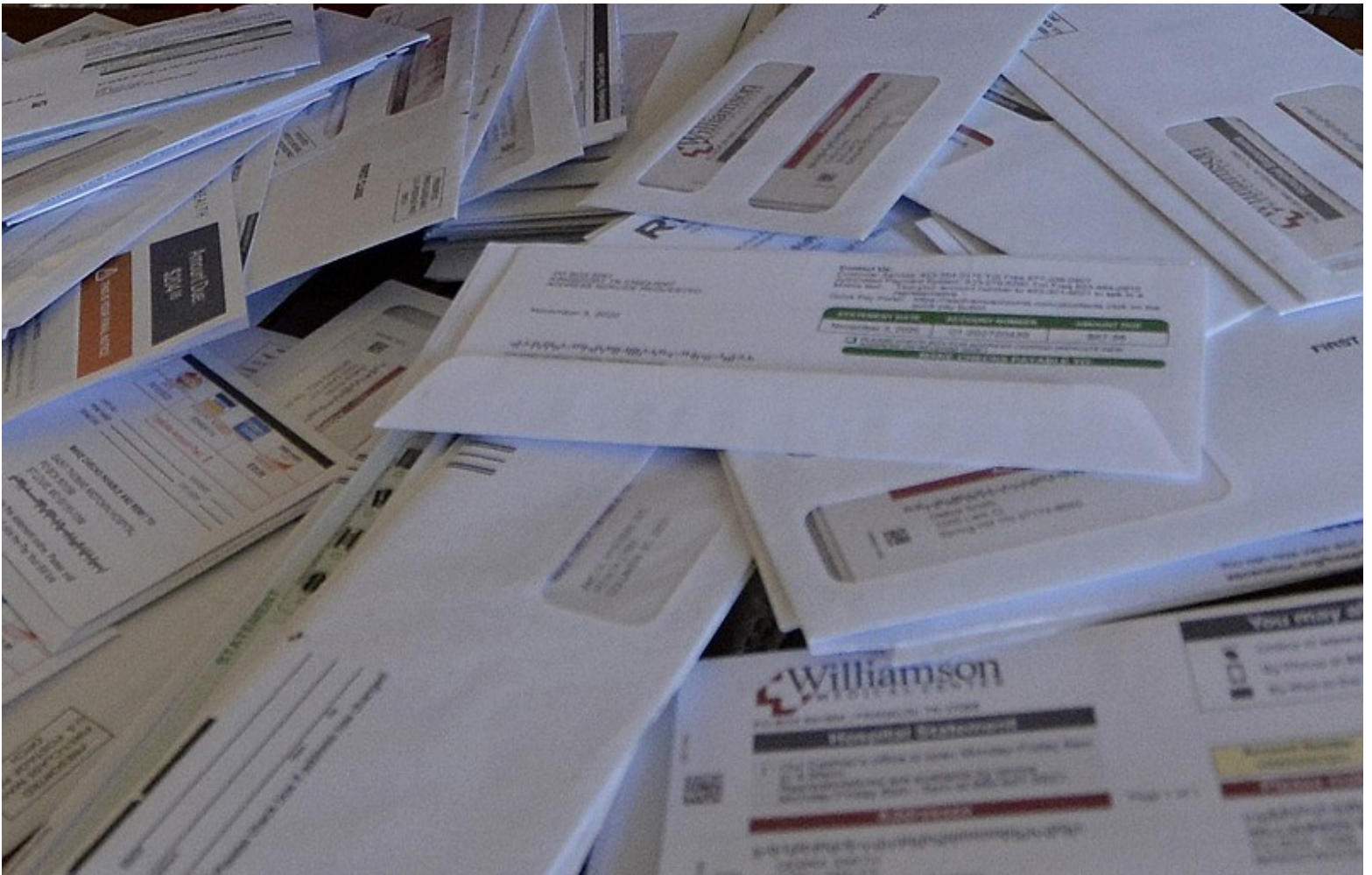


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Community groups pay off more than \$35M in Arkansans' medical debts, ponder more permanent solutions

by [Tess Vrbin](#) | Today at 7:15 a.m.

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A pile of medical bills is shown in this Oct. 7, 2021, file photo. (AP/Mark Zaleski)

Nearly 24,000 Arkansans had their medical debts paid off by philanthropic organizations, the groups announced Thursday morning.

All told, \$35.2 million was wiped out for indebted Arkansans across all 75 counties.

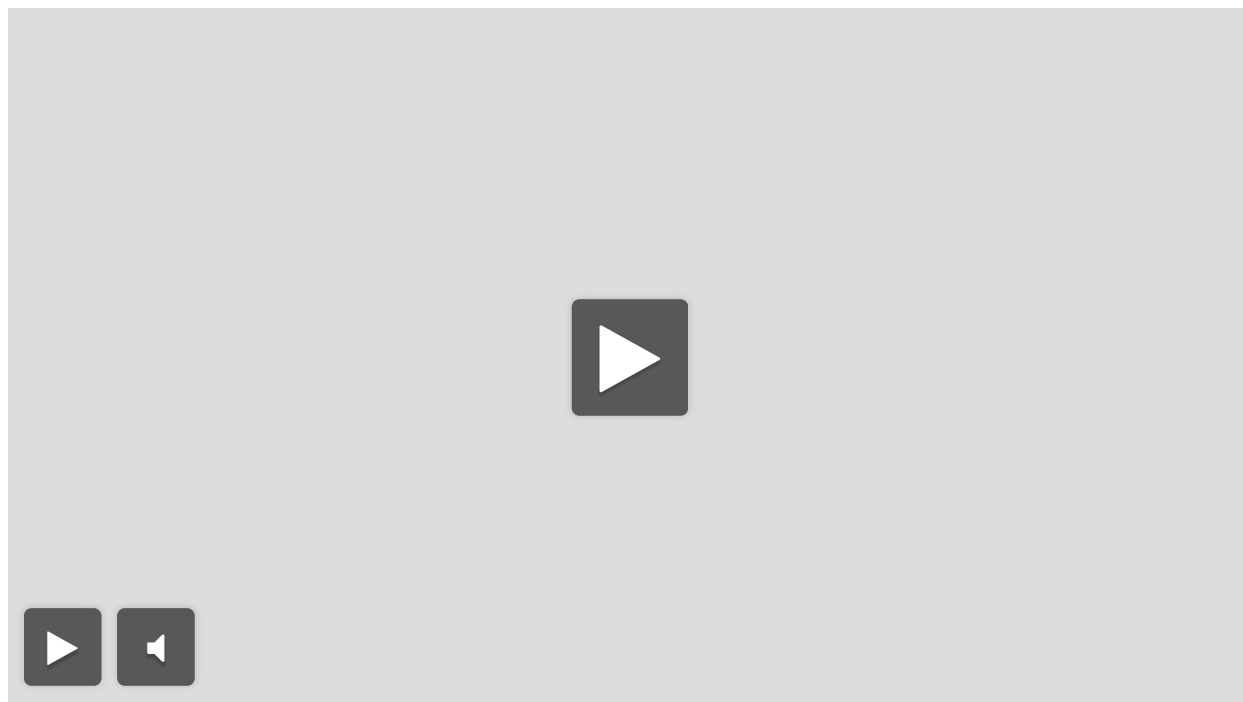
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The 23,896 people helped by the payoff comprise a fraction of the one in five adult Arkansans with medical debt in the hands of collectors, according to a news release.

The payoff covers about \$1,500 per person, an amount that is "often disastrous" for asset-limited, income-constrained, employed residents -- often called ALICE individuals -- said Heather Larkin, president and CEO of the Arkansas Community Foundation.



Those benefiting from the payoff will receive letters from the national nonprofit RIP Medical Debt, which worked with the Arkansas Community Foundation, the Winthrop Rockefeller Foundation, Hope Credit Union, and other donors to collect and distribute the money.

The nationwide growth of debt is not simply a result of bad financial choices, but instead because of the rising costs of basic needs, such as housing, education, transportation, child care and health care, said Joanna Smith-Ramani, managing director of the Aspen Institute Financial Security Program.

"These [expenses] are going through the roof and not keeping up with the income families have to pay for it, and you can't go without any of these," she said.

A Thursday town-hall meeting held to announce the debt payoff featured a panel of speakers with recommendations for debt prevention rather than elimination. Recommendations included lowering or capping interest rates on medical debt, limiting wage garnishments and protecting patients from surprise medical bills.

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Kevin Ryan, an associate professor in the Fay W. Boozman College of Public Health at the University of Arkansas for Medical Sciences, said there should be "round-tables of stakeholders" willing to come to agreements, regardless of ideology, that create "a level playing field" for everyone to have their health needs met.

"Whatever solution we can come up with, like so many of these complex societal issues, requires everyone to be at the table," Ryan said.

The webinar included video testimony from Tony McDaniel, a Conway resident who works as a car salesman in Little Rock. He ended up in medical debt after experiencing kidney failure because of covid-19 in November 2020, and he was in an induced coma until January 2021, he said.

His job provided health insurance, but "coding issues" at the hospital meant not all of his treatments were documented as covid-19 treatments. He was charged more than \$20,000 after insurance covered more than \$2 million, he said.

"I came back to work a little earlier than I wanted to, just to try to provide for my family," McDaniel said. "I was always in good shape, but I caught covid and unexpectedly my world just turned upside down. Now things I wasn't faced with, financial issues, physical issues, [are] things I'm going to have to deal with for the rest of my life."

FINANCIAL, SOCIAL IMPACTS

Arkansas has the second-most non-elderly adults in the nation with past-due medical debt, according to 2015 data from Urban Institute, an economic and social policy think tank. Sevier County has the state's highest proportion of people with medical debt, with 31%.

Debt affects Arkansans of color in particular, with 56% facing debt of all kinds in collections, said Karen Murrell, a project manager with the Asset Funders Network.

According to Urban Institute data, 29% of adults nationwide -- and 37% in Arkansas -- have debt in collections, said Signe-Mary McKernan, the think tank's vice president for labor, human services and population. About half of the national total of debt in collections is medical debt, she said.

The median amount of debt in collections for Arkansans is \$662 overall and \$725 for people of color, according to the data.

Americans' collective debt decreased in the early months of the pandemic, Smith-Ramani said, because people had fewer doctors appointments and generally spent less money. Stimulus payments from the federal government also helped some Americans pay down some of their debts, she said.

"We are growing back to pre-covid levels of debt, and now that we've stopped the [federal] cash transfers, and health care coverage has changed again -- it was much more flexible during the first parts of covid -- we expect, and credit counselors expect, all the debt to accrue back up," Smith-Ramani said.

She described how a household's medical debt can build up from just one illness. A doctor's visit comes with a co-pay, even with insurance, and some tests to treat something as simple as a child's headache might not be covered by insurance.

So if a low-income parent cannot pay the bill on time, the medical facility could send the debt to a collection agency. The parent could end up facing a court hearing for the unpaid debt and accumulating additional debt via court fees, Smith-Ramani said.

The cost of an emergency room visit varies by facility and by the reason for the visit, but it often exceeds \$1,000 without insurance and sometimes even with insurance. As of 2019, there were about 140 million emergency room visits per year nationwide.

Ambulances are not contracted with insurance companies, so a ride in one can cost more than \$1,000 for both the pick-up and the per-mile cost of the drive to a hospital. Medical flights cost much more.

The legal system has several systemic fines and fees, and while they vary by state -- from the cost of DNA testing to a traffic ticket to reinstating a suspended driver's license -- they can make a person's existing debt worse, Smith-Ramani said.

The poor credit that results from debt makes it difficult for people to buy or rent housing or to have a financial safety net, McKernan said.

"Having some emergency savings is key, but half of all households don't have \$2,000 in non-retirement savings," she said.

SUGGESTED SOLUTIONS

Ways to mitigate or eliminate medical debt can come from state legislatures, the federal government, the court system and health care facilities, according to the panel of speakers that presented policy recommendations Thursday.

State and federal lawmakers have the power to pass laws strengthening protections for consumers and their finances, and the federal No Surprises Act that took effect earlier this month prohibits surprise medical bills for people with health insurance. The panelists encouraged reaching out to state legislators about the effects of medical debt.

Neil Sealy, the executive director of the Arkansas Community Institute, said the court system should determine people's ability to pay court fees before charging them.

Court costs often start to build up after it has been established that a person owes money to a plaintiff, Judge Rita Bailey of the Maumelle and Jacksonville district courts said. Those costs include fees for filing a complaint and having the debtor served with it, she said.

"I think the solution is really to stop it before it gets that far," Bailey said. "A lot of courts suspend [someone's] driver's license more than once for the same offense. I will only suspend it one time."

The Center for Arkansas Legal Services has 17 attorneys but receives about 27,000 calls on its helpline, staff attorney Cecille Doan said. Access to more funding would help the nonprofit law firm provide legal resources for people in all kinds of debt, especially since people without legal representation can end up agreeing to "an unaffordable payment plan" or something else that compounds their financial problems, Doan said.

The panelists agreed that the elimination of \$35.2 million in Arkansans' medical debt will make a positive impact on people's lives and livelihoods.

"I would encourage that we keep doing that, but we still have to have some policy change," Sealy said. "We have to make sure people are covered with some kind of health insurance here in Arkansas."

Health care providers have the power to forgive debt, as oncologist and UAMS professor Omar Atiq did in 2020 when he closed the Arkansas Cancer Clinic he founded almost two decades earlier in Pine Bluff.

The clinic closed because of staffing shortages, and Atiq worked with a billing company to cancel \$650,000 in outstanding balances for nearly 200 patients. He said it made sense to do so since the pandemic had "decimated" so many aspects of so many people's lives.

"We just thought we could do it, and we wanted to, so we went ahead and did it," Atiq told the Arkansas Democrat-Gazette at the time.

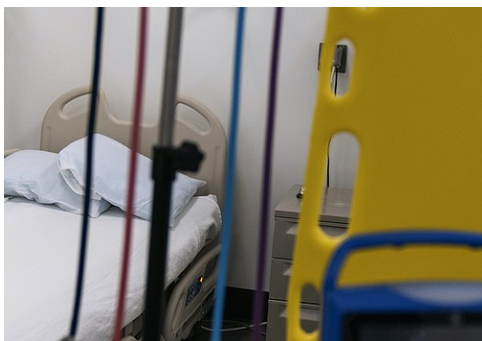
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