

Senate Committee on Health and Welfare  
H 287 – Written Testimony  
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April 15, 2022

To the Honorable Chair Lyons and members of the Senate Committee on Health and Welfare:

Thank you for the opportunity to provide written testimony regarding H 287 and its efforts to address the challenge of medical debt in Vermont, a laudable goal to be sure.

Medical debt has become an increasingly serious problem. According to the Consumer Financial Protection Bureau (CFPB), there is currently \$88 billion of medical debt sitting on 43 million credit reports. As one of the larger organizations in the U.S. helping patients with medical debt pay what they can afford, I share the sense of urgency and determination of policymakers and regulators to address medical debt across the United States and in Vermont.

I firmly believe in consumer protections that shield people from financial harm while improving the patient experience. However, any efforts to help solve such a complex problem must balance consumer needs for affordability with the needs of healthcare providers to generate the predictable revenue necessary to continue delivering the highest quality care. Healthcare providers across the country, including faith-based and not-for-profit providers, are now selling debt due to the impact of Covid-19 and frequently selecting Capiro to service their patients due to our superior consumer experience. We would urge you to not remove the sale option, but rather include language that protects the consumer from financial harm. We believe debt sales can be a valuable tool for Vermont healthcare providers as financial conditions deteriorate.

Capiro is not like other debt buyers or contingency collection agencies. We do not resell accounts, we handle only healthcare accounts, and we forgive \$1.25 for every dollar collected. In addition to our formal debt forgiveness program, we have decided to halt collections on over \$24 billion of medical debt. We have made this decision due to our over 200 years of healthcare experience, our knowledge of what helping people resolve their account issues truly means, and our desire to help people achieve financial wellness. Capiro always allows consumers to apply for charity or debt forgiveness after the fact, and screens new accounts for billing accuracy and financial assistance eligibility. We have our own patient advocacy team to ensure as many people as possible qualify for charity, reduced payment amounts, and/or debt forgiveness. We are focused on helping people burdened with medical debt and our debt purchases are in full compliance with 501(r) and CMS guidelines.

The landscape of medical costs and debts is multifaceted as seen by the White House's announcements earlier this week on medical debt. H 287 proposes to ban hospitals from selling medical debt, a practice Vermont's hospitals do not currently employ. Vermont, however, does allow contingency agencies to perform duties for hospitals which often result in a significantly worse consumer experience than debt purchase. It should be noted that many physician practices and groups currently do sell their receivables, often within hospital settings; in fact, Capiro currently works with roughly 3,800 consumers in Vermont to clear these types of medical debts and rebuild consumers' financial wellness. We have established a consumer-friendly policy that goes above and beyond even most contingency agencies. We are committed to our patient's long-term financial health as **we do not charge interest or fees, take legal action, or resell obligations to outside agencies.**

We believe debt sales should be permitted provided the following consumer protections are included :

- 1) The hospital has found the patient ineligible for financial assistance or the patient has not responded to any attempts to bill or offer financial assistance for 180 days;
- 2) The hospital includes contractual language in the sales agreement where the debt buyer agrees to return any account when the balance has been determined to be incorrect due to the availability of a third party payer, including a health plan or government health coverage program, charity care, or financial assistance;
- 3) The debt buyer agrees to not resell or otherwise transfer the patient debt;
- and 4) The debt buyer agrees not to charge interest or fees.

Credit reporting agencies recently announced a one-year moratorium on reporting consumers on the bureau beginning July 2022, due, in part, to CFPB actions. In March of 2023, balances under \$500.00 will no longer be reportable. We urge the committee evaluate the impacts of these initiatives, which will be game changers for millions of people across the state and the country, before taking further action; allowing hospitals and providers to understand and plan for the financial impacts of regulatory and legislative changes. We believe the reduction in credit reporting will result in 30% less collections which could cripple providers' already thin margins.

I firmly believe that the best solutions come from informed insights—the kind best made by people and organizations closest to the situation. We urge regulators and policymakers to use this period to address this problem by working alongside providers and organizations that routinely manage medical debt, who understand the challenges of patient-funded care and who have a track record of developing fair, practical, holistic solutions. Medical debt payments should be limited to a minimal percentage of a patient's monthly income. Credit-building tools must be made available to patients. Capiro's mission is to help consumers build credit, save for future medical expenses, and set course on a path to financial wellness.

As an expert in the complex field of medical debt, Capiro would like to work with you and interested parties like Vermont Legal Aid to craft legislation that roots out bad actors and aggressive collections practices and improves patient and consumer experiences while protecting the viability of healthcare systems.

### **Why Capiro is different**

**We are the largest buyer of healthcare receivables:** As the largest buyer of healthcare receivables, Capiro understands both the provider revenue cycle and the unique causes and complexities of medical debt like no one else.

**We have a proprietary model:** Our proprietary debt purchasing model enables us to pay more up front on bad debt, providing essential revenue for hospitals.

**We have over 200 years of healthcare expertise:** Our team members are specialists in medical debt; we understand the unique stresses surrounding medical debt and how to effectively balance the needs of care providers and patients.

**We work with 20 million consumers:** We've worked with 20 million patients from every community to create practical and personalized solutions to help them pay their fair share of medical expenses.

**We are industry thought leaders:** We are the only company focused on practical, holistic solutions to the medical debt crisis that balance the needs of patients, care providers and regulators/legislators.

**We deliver patient friendly solutions:** We offer the flexibility, counsel, tools, and education needed to help patients pay their bills and achieve long-term financial wellness.

**We provide dependable financial solutions:** We have delivered more than \$250M to our hospital partners and care providers.

**We are leaders in our industry:** We lend our expertise to support regulatory and legislative actions to improve provider and patient financial outcomes.