Healthcare in America:

The Reality of Medicaid Cuts and Medical Debt

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A CHAPTER OF PNHP
PHYSICIANS FOR A NATIONAL HEALTH PROGRAM

Raising the Call for Medicare for ALL!

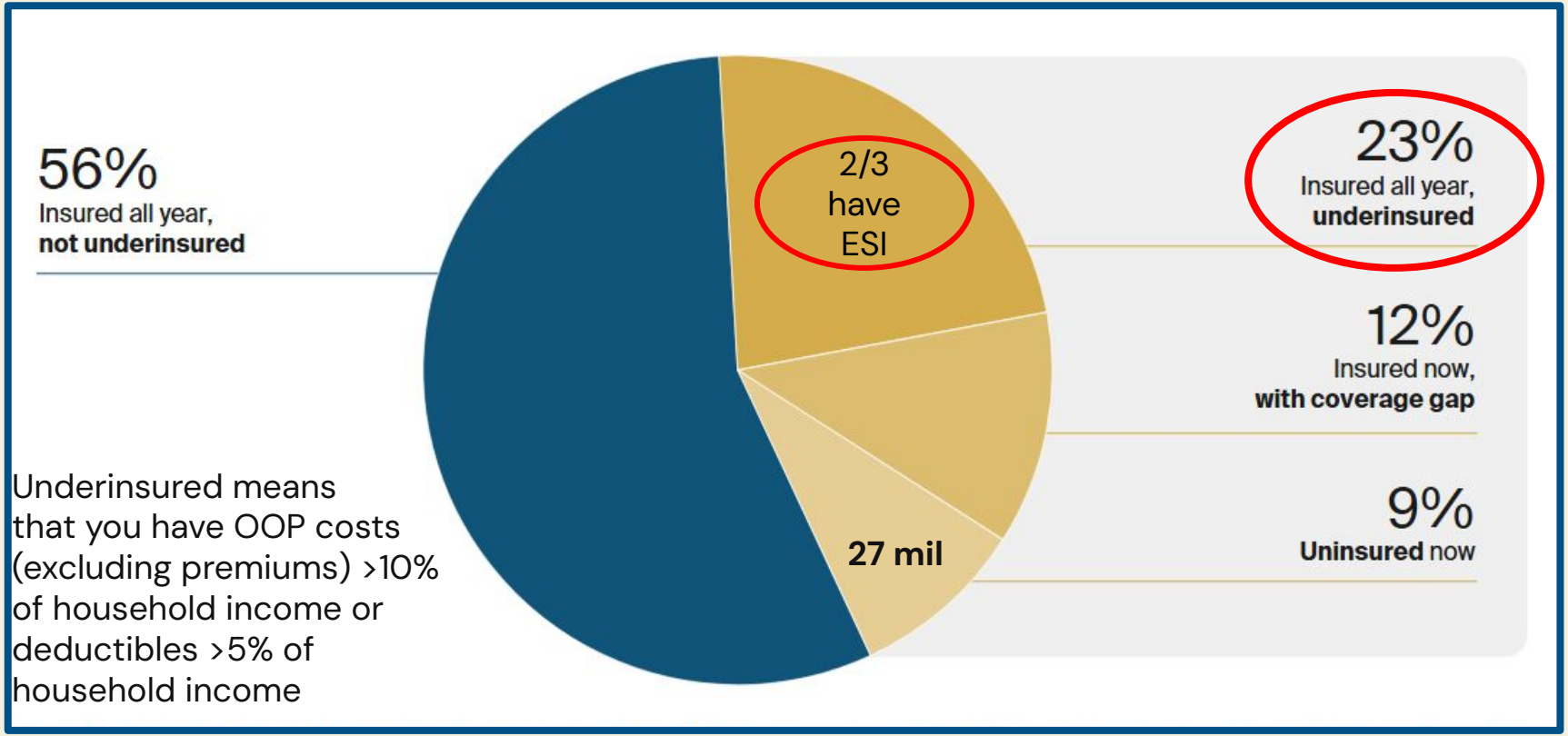
PNHP
PHYSICIANS FOR A NATIONAL HEALTH PROGRAM

Our American Healthcare System

Expensive
Complicated
Dysfunctional

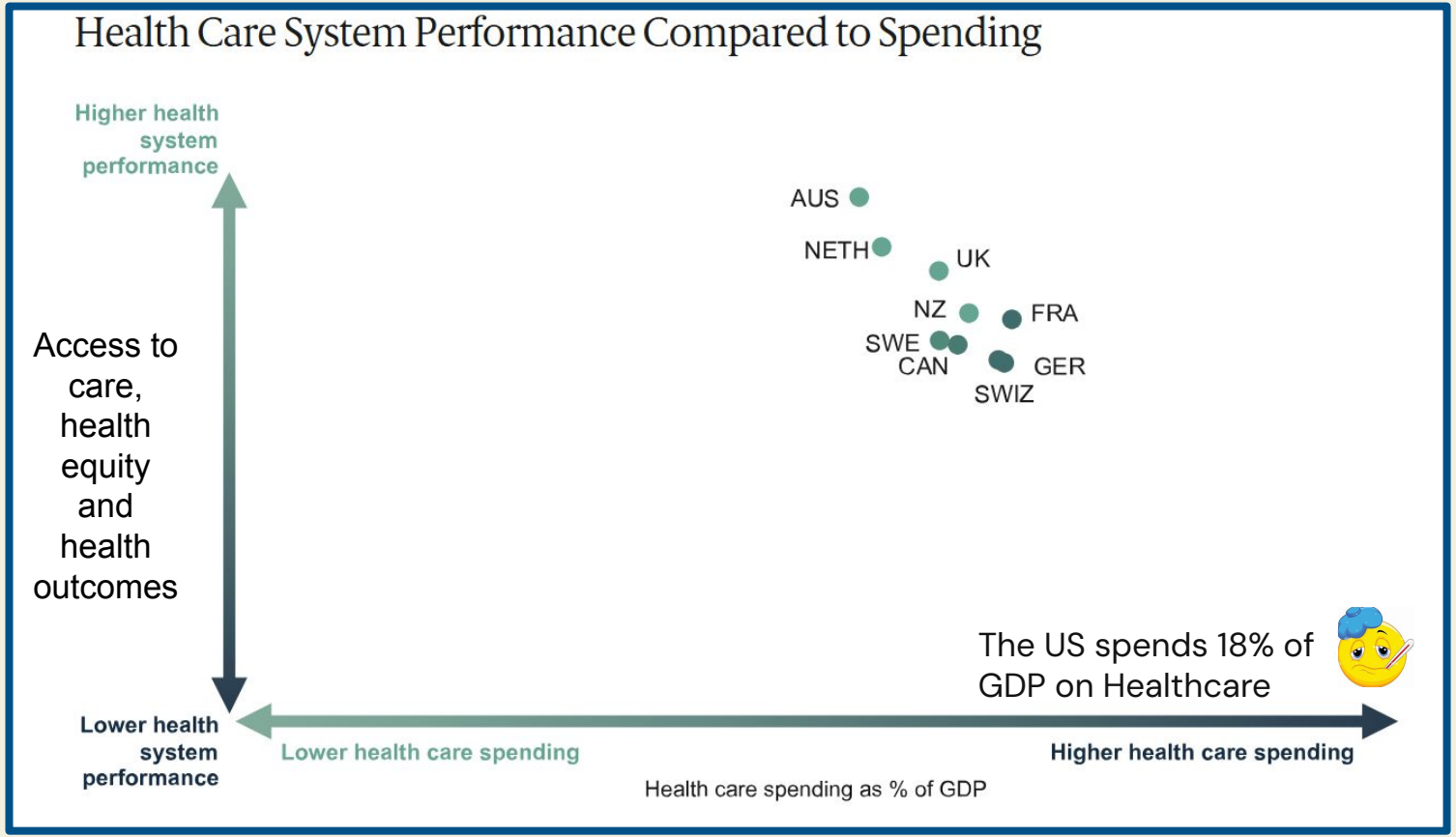
- ✔ We're the only wealthy nation without universal healthcare
- ✔ We have the costliest healthcare in the world by 2X ($14,500 pp)
- ✔ We have the worst outcomes compared to similar wealthy nations
- ✔ We treat healthcare as market commodity
- ✔ We link health insurance to employment
- ✔ 68,000 of us die each year due to no insurance
- ✔ We don't have enough primary care physicians and we're overly focussed on disease treatment rather than prevention

2024 Insurance Status of Adults Age



Underinsured means that you have OOP costs (excluding premiums) >10% of household income or deductibles >5% of household income

American Healthcare Spending



Where Does Our Money Go?

Total US Healthcare Spending
- $4.3 Trillion

Total US Healthcare Administrative Spending
- 34% (>$1 Trillion)

Where Does It Go?
- Insurance companies
- Hospital billing staff
- Physician office staff

65% of adults 18-65 have private health insurance provided by for-profit insurance companies.

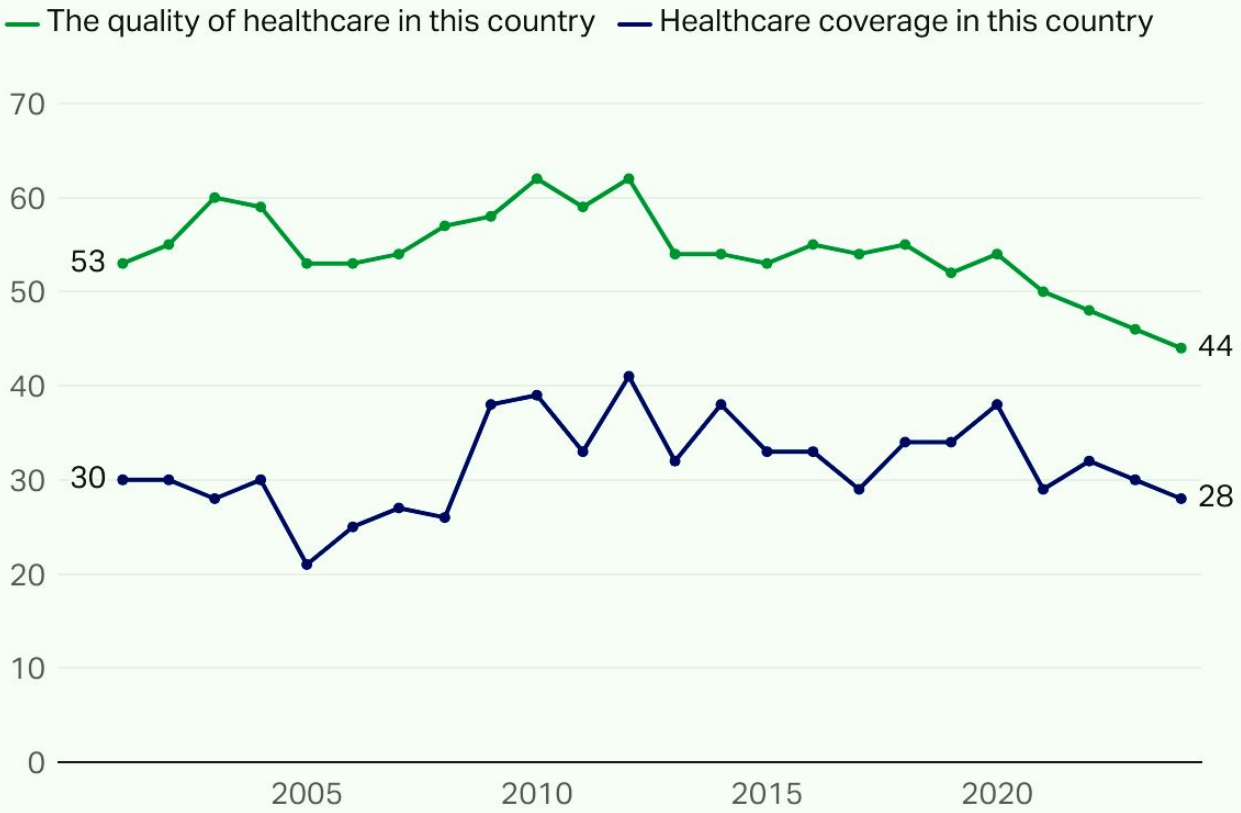
Where Does the Money Go?

	2022 Profits	2012-2021 Total CEO Compensation
UnitedHealth	$21 billion	$350 million
Cigna	$7 billion	$366 million
Anthem/Elevance	$6 billion	$166 million
CVS-Aetna	$4 billion	$266 million
Humana	$3 billion	$188 million

Opinion of US Healthcare Quality and Coverage is at a 23 years Low

Overall, how would you rate [the quality of healthcare/healthcare coverage] in this country -- as excellent, good, only fair or poor?

% Excellent/Good



Gallup Annual Health and Healthcare Poll Nov 6-20, 2024

Medical Debt

The Statistics

- 100 million Americans have medical debt
  - We owe at least $220 billion .
- 14 million people (6% of adults) owe over $1000
- 3 million people (1% of adults) owe over $10,000.
- 31 million persons borrowed $74 billion in 2024 for medical care.
- **Half of adults can’t pay a $500 medical bill without going into debt**

The Consequences of Debt

- Worse physical and mental health
- Skipping or postponing health care due to cost.
- Drug costs prevent 21% from filling prescriptions
- Difficulty paying other bills and affording basic necessities
- sacrifices including delayed home buying or education
- **Medical debt causes two-thirds of bankruptcies in the US**
- Medical debt is the largest source of debt in collections and **damages credit scores**

Duke Law and NC Treasurer 2023 Report:

NC Hospitals Suing Patients 2017-2022

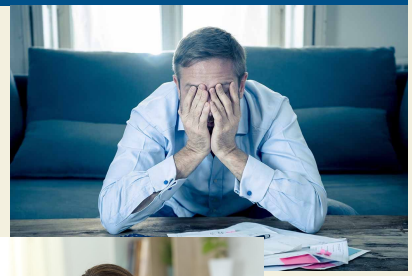
*"The worst is what this does to a person emotionally from **anxiety and stress**. It aggravates any illness that a person has...I worry I won't be able to make my payments and keep my home."*
JUDGMENT: $74,319. CASE 18-CVD-10004

*"It makes you **scared to even go to the doctor** because you don't know what they're going to charge you. It's going to be another bill, another lien. Once they start messing with you, they don't stop."*
JUDGMENT: $22,278. CASE: 20-CVD-2733

*"The hospitals are very vicious. I'm 70 years old, and I'm still working, knowing that we will never have any equity in this house. We're just thankful that they didn't put us out on the road because they could've. We're not rich people. **We went though everything to get help on those bills, and they said no.**"*
JUDGMENT: $192,385. CASE: 21-CVD-200

Who has Medical Debt?

- Young adults, **Black and Hispanic adults and women** are more likely to borrow for health expenses
- Most medical debt is hospital incurred
- More common in non Medicaid expansion states
- Low income persons and families
- Persons with poor health or a disability
- The approximately 30 million uninsured
- **Half of those with medical debt have health insurance**



Medical Debt from Childbirth

- 12% of people with medical debt attribute some of it to pregnancy or childbirth
- Having a baby in the last year doubles the risk of medical debt
- Patients with health insurance average $3000 in medical bills for uncovered services
- A newborn ICU stay averages $5000 in out-of-pocket costs
- Parents decrease spending on food, clothing and other essentials, delay buying a home and delay education

Why do we have Medical Debt?

- No insurance or “underinsurance”
- The cost of healthcare
- The cost of prescription drugs
- Lack of comprehensive coverage
- High deductibles and premiums
- Insurance denials of care are common
- Billing errors and insurance complexity

Increasing Underinsurance for Working Adults

Employer-sponsored Insurance Single policy in NC

- **Employee premium $1806**
- **Deductible $2261**
  - **5.7% of median income**
  - **Considered "Underinsured"**

Employer-sponsored Insurance Family policy in NC

- **Employee premium $7115**
- **Deductible $4141**
  - **4.5% of median income**

US Family premiums and deductibles average 10.1% of median household income

In NC and 23 other states single deductible is >5% of the median income

ACA deductibles $2789, Bronze is $7186

Commonwealth Fund, 2023

How a Medical Bill Becomes a Bad Debt/Credit

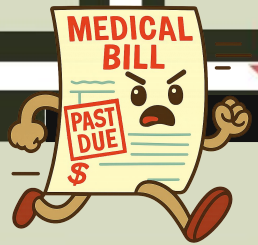
Medical Visit

Jessie visits Health 'R Us.

Incurs medical expense not paid by insurance.

Unpaid Medical Bill

Jessie does not pay Health 'R Us.



Health 'R Us seeks payment from Jessie directly or through a debt collector.

Health 'R Us considers the bill bad debt.

Writes debt off as business loss.

Debt In Collections

Debt Sold

Health 'R Us sells debt to a debt buyer, which seeks payment.

Debt Collection

Health 'R Us continues to seek payment directly or through debt collector.

Debt Held

Health 'R Us warehouses the bad debt.

Health 'R Us or a debt collector or buyer may report the debt to a credit bureau.

Only Medical Debt over $500 and in collections for over 1 year will end up on a credit report.

Federal Policies

- **2025 CFPB rule** bans the inclusion of medical bills on credit reports used by lenders and prohibit lenders from using medical information in their lending decisions - **Rule vacated by a Federal Court in Texas in 2025**
- **The 2022 No Surprises Act** eliminates unexpected out-of-network bills
    - No out of network “balance billing” in certain situations
    - If uninsured you can get a “good faith estimate” of charges
- As part of the Affordable Care Act (ACA), nonprofit hospitals are required to create and implement a written financial assistance policy.

State Policies

- Strengthening financial assistance requirements for hospitals and requiring screening for financial assistance eligibility
- Holding not-for-profit hospitals accountable for tax-exempt status by demonstrating community benefit investments like financial assistance
- Partnering with nonprofits like ***Undue Medical Debt*** to purchase and cancel debt
- Strengthening consumer protections regarding billing, interest collection, payment plans, credit recording and limiting lawsuits.
- Hospitals can relieve medical debt in exchange for higher Medicaid payments

What Patients can do

- Before care: get familiar with your insurance coverage and OOP costs
- Make sure providers are in network and watch out for **“facility fees”**
- Sign up for public insurance if you qualify
- Check whether the specifics of your care are covered
- If uninsured, get a cost estimate
- Determine if you’re eligible for hospital or other financial assistance.
- Ask for line items of the costs for every service, prescription or treatment
- Check for double billing
- Negotiate with the hospital directly
- **Don’t pay medical bills with credit cards**

If You Are Already in Debt or Collections

- Try to qualify for charity care, even after the fact
- Dispute your bill if inaccurate
- Contact free legal aid services
- Don’t ignore the issue!

Ask About Financial Assistance

DOLLAR FOR

- Federal law *requires* nonprofit hospitals to offer free or discounted care for eligible patients. But it's not always easy.
- Even patients with private health insurance may qualify for financial assistance depending on the assistance program's income eligibility requirements.
- For help applying for financial assistance, check out the financial assistance eligibility tool at ***DOLLAR FOR*** to see if you qualify.

Charitable Debt Relief

UNDUE
Medical Debt

- UNDUE Medical Debt eliminated $15 billion in medical debt for over 9.5 million people
- Partnered with 300 hospitals and 20 governments
- Purchases bundled medical debt portfolios
- $1 donated wipes out $100 of medical debt
- Debts acquired from hospitals, physician groups, for-profit buyers
- Debt relief qualifiers: 400% of FPL or debt over 5% of income
- No application process and no action needed by the recipient

Terry’s Story

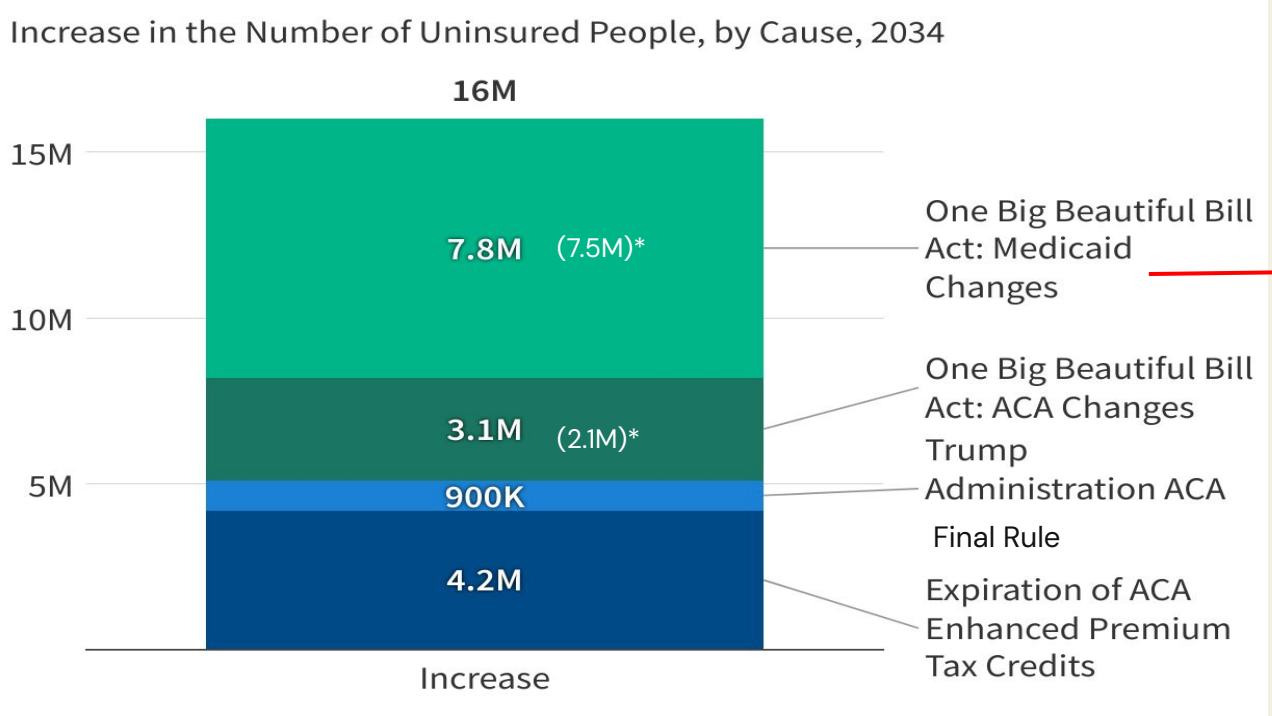
Health Insurance Changes Under the OBBBA

The Effect of The OBBBA on Healthcare

Strategy:

- *Wrap up changes in a giant budget bill that moves fast through Congress*
- *Make changes that are too wonky for people to understand and roll them out over time*
- *Emphasize parts that are popular with the public like work requirements for the able-bodied even if they aren't effective*
- *Make it sound noble by claiming to eliminate waste, fraud and abuse and protecting the program for the truly needy.*

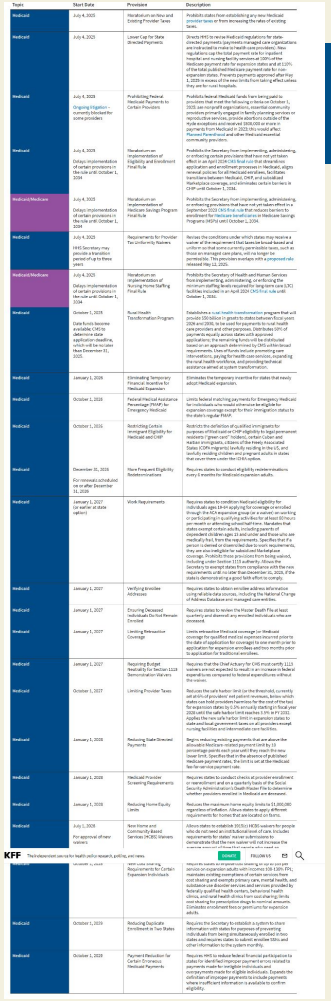
The OBBBA Targets Medicaid and the ACA



Resulting in approximately 17,000 deaths annually*

*Gaffney, et al, Ann Int Med 17 June 2025

Congressional budget Office estimates *July data vs June



Medicaid and ACA Changes 2025-2029

- Phased implementation with many of the changes to Medicaid back loaded after the midterms
- **An estimated $911 billion decrease in federal Medicaid spending over the next decade.**
- About 75% of that decrease happens in the last 5 years of the decade
- In addition to the OBBBA, the ACA Temporary Enhanced Subsidies are due to expire this year and *The Marketplace Integrity and Affordability Rule* will start.

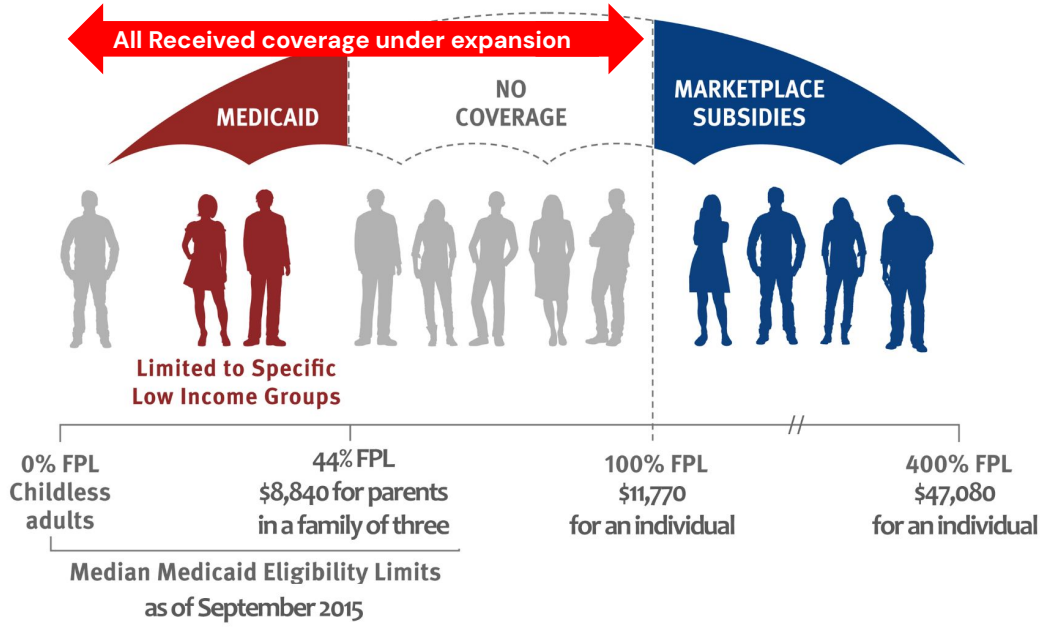
Medicaid and its Expansion since 2014

- Medicaid covers about 80 million low income people in the US
- Especially covers children (37 million) pregnant women, persons with disabilities and 60% of nursing home residents
- Before expansion, adults were excluded if they had no dependent children were not pregnant, disabled or elderly and income limits were very low (37% of FPL in NC) and that left a **coverage gap** in available insurance for low income persons.
- The ACA plan required states to expand Medicaid to nearly all non-elderly adults with income up to 138% of FPL ($21,597) to **fill the coverage gap**, but a Supreme court ruling in 2012 made it optional.
- **To date, 40 states and DC have expanded Medicaid**.

2025 single FPL = $15,650, family of 4 FPL = $32,150

The Success of Medicaid Expansion

Gap in Coverage for Adults in States that Do Not Expand Medicaid under the ACA



As of 2024, the Medicaid expansion enrollment was 21.3 million.

Medicaid expansion saved about 27,400 lives between 2010 and 2022

THE HENRY J. KAISER FAMILY FOUNDATION

Access to care: More low-income adults with a **personal physician**, getting **check-ups and other preventive care**, and getting regular **care for chronic conditions**; increases in number of people getting **medication-assisted treatment** for opioid use disorders; greater access to **mental health care**.

Health outcomes: Fewer **premature deaths** among older adults, with **at least 19,000 lives saved**; improvements in overall **self-reported health**; reductions in share of low-income adults screening positive for **depression**; improved **diabetes and hypertension** control; increases in **early-stage cancer diagnoses**; decreases in share of patients receiving **surgical care inconsistent with medical guidelines**.

Financial security: Reductions in share of low-income adults **struggling to pay medical bills**; $1,140 reduction in **medical debt per person** gaining coverage through expansion; reductions in **evictions** among low-income renters.

Economic mobility: Better access to **credit**, including **lower-interest mortgages, auto, and other loans**, with annual interest savings amounting to $280 per adult gaining coverage; majorities of adults gaining coverage through expansion in Michigan and Ohio report coverage makes it **easier for them to work or look for work**.

55%

Reducing uncompensated care: 55 percent drop in **hospital uncompensated care costs** ($17.9 billion in 2016) in expansion states, compared to 18 percent in non-expansion states; improvements in **hospital budgets**, especially for rural hospitals.

More of the Benefits of Medicaid Expansion Now at Risk From the OBBBA

The OBBBA Key Medicaid Provisions

IMMEDIATE (for 1 year) - Eliminate reimbursements for any medical care at Planned Parenthood or other "essential community providers" that provide abortion services in addition to "family planning, reproductive health and related medical care." **Temporarily blocked by court ruling**

Oct 2026 - Legal low-income "qualified immigrants" including those in temporary protected status, refugees and those given asylum are no longer eligible

Dec 2026 - Eligibility redeterminations every 6 month for expansion beneficiaries

Jan 2027 - Medicaid work requirements (verified monthly) for expansion beneficiaries

Oct 2027 - Reduces expansion state provider taxes that help pay state share of Medicaid and will therefore decrease Federal matching funds and threaten expansion.

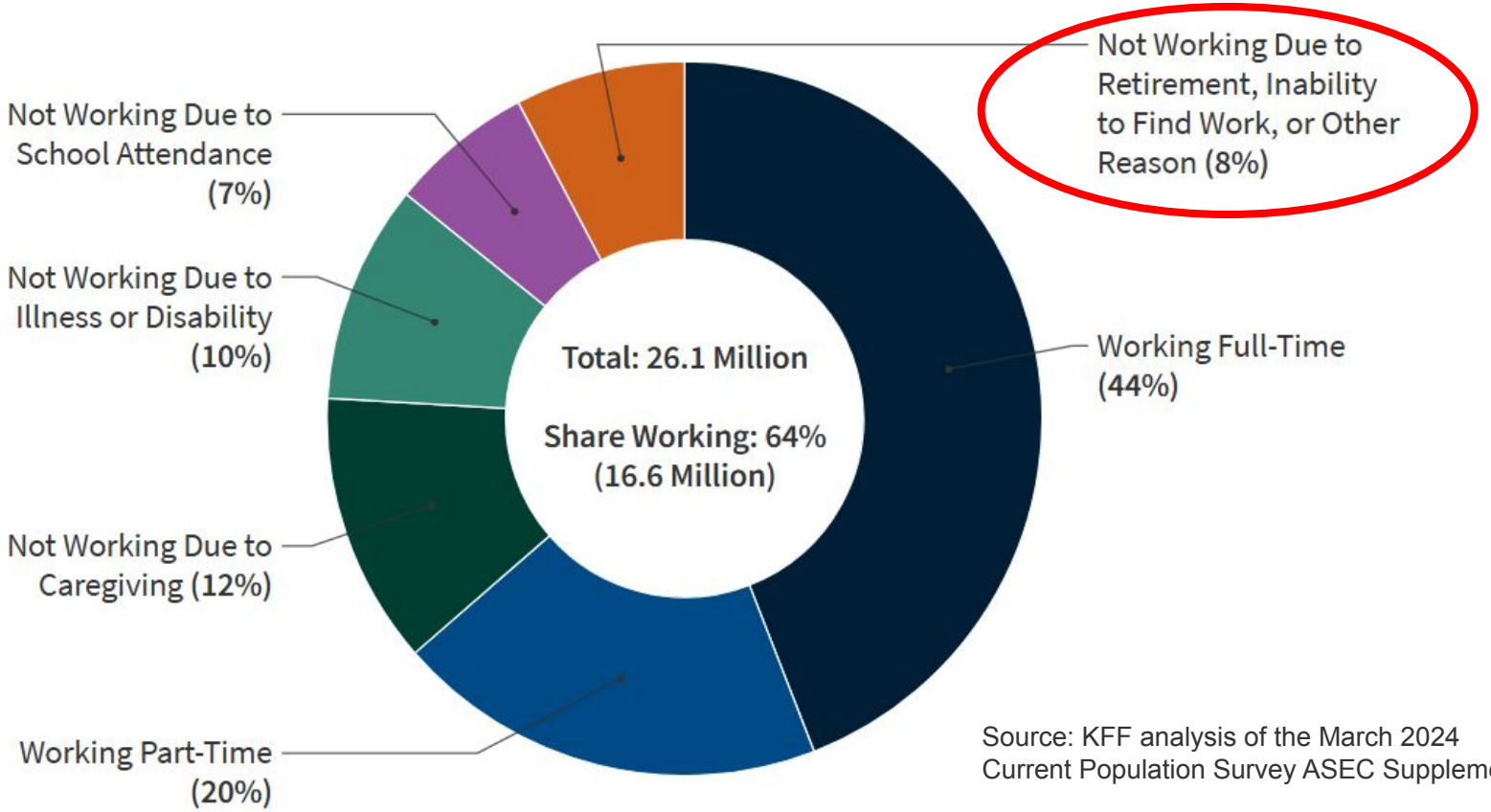
Oct 2028 - Cost sharing implemented for expansion beneficiaries > 100% FPL

Medicaid Work and Reporting Requirements

- Reporting requirements are confusing to enrollees and complex and costly for states to implement
- CBO estimates of work requirements show lower federal spending and an increase the number of uninsured, but no increase in employment.
- Most Medicaid adults work in jobs that don't offer employer sponsored insurance
- Many Medicaid adults have barriers to employment like transportation or internet
- The Arkansas program between 2018 and 2019 saw 18,000 lose insurance and no increased employment.
- Access to affordable health insurance and care promotes employment.
- Most Medicaid adults under age 65 are already working.

Work Status & Barriers to Work Among Medicaid Adults, 2023

Includes Medicaid covered adults (age 19-64) who do not receive benefits from Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) and are not also covered by Medicare.



Source: KFF analysis of the March 2024 Current Population Survey ASEC Supplement

Who are the 8% “Able-Bodied” Not Working?

- Most able-bodied have had work experience; about 30% are available and looking for work.
- The remaining 70% of the “able-bodied” are
  - **80% Women with an avg age of 41**
  - with high school educations or less
  - with very little income
  - who have left the workforce or
  - have been out of labor force as homemakers taking care of older adults and/or adult children.
  - more likely to live in rural areas

“We simply cannot afford a Medicaid work mandate that will do nothing to increase employment and only serves to disinsure vulnerable, impoverished older working-age women on whom their families depend.”

Sara Rosenbaum, JD, is Emerita Professor of Health Law and Policy at George Washington University’s Milken Institute School of Public Health

Tavares, J. and Cohen, M. (2025). Profile of Medicaid Population Age 18-64, Working and Non-Working Medicaid Beneficiaries, and “Able-bodied” non working Medicaid Beneficiaries. Analytic Brief, LeadingAgeLTSS Center @UMass Boston, May.

The Effect on Rural Hospitals

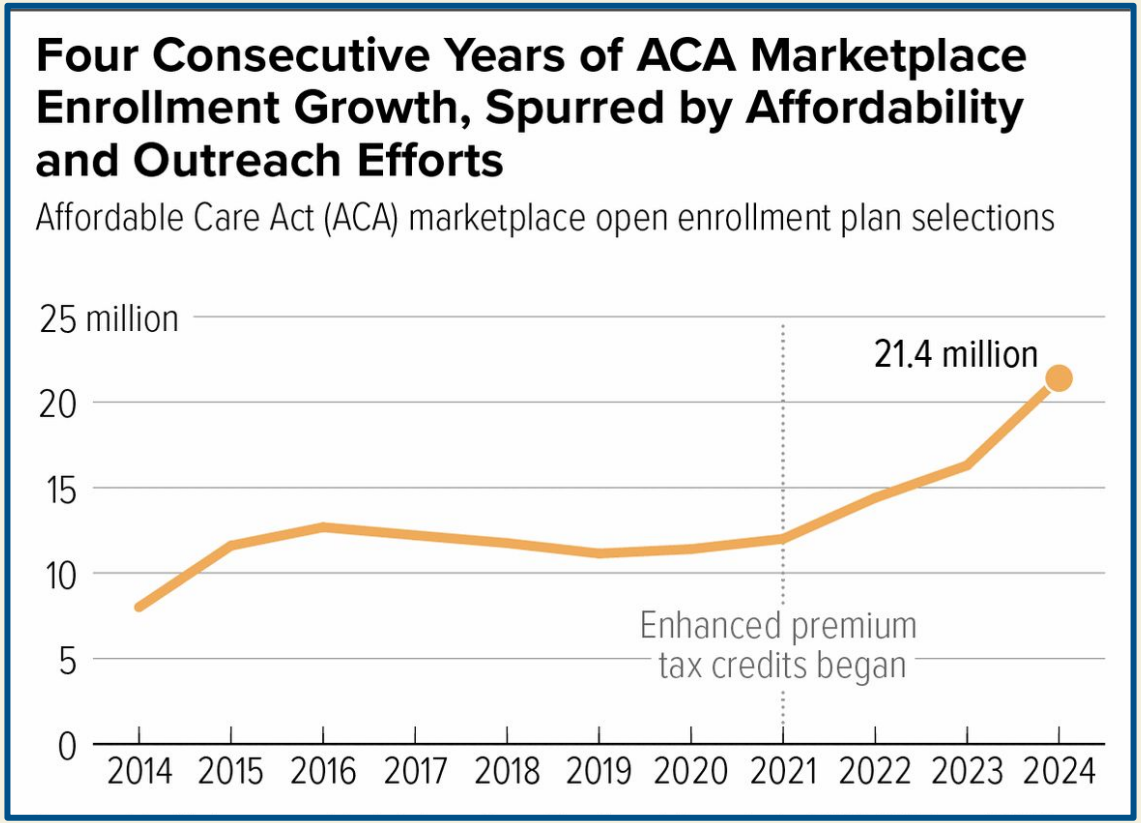
- Rural hospitals are struggling already. 50% operate at a negative margin and 100 have closed over the last 10 yr.
- 25% of adults and 40% of children in rural areas rely on Medicaid
- Over 300 rural hospitals are at Immediate Risk of closure, 190 in expansion states
- OBBBA will cause a loss of $137 billion in 10 years to rural hospitals.
- The OBBBA Rural Health Transformation Program $50 billion (over 5 years) is insufficient to mitigate that loss
- Hospitals and healthcare providers will be responsible for $36 billion in uncompensated care.

*Center for Healthcare Quality and Payment reform

The ACA and the Success of Temporary Enhanced Subsidies

- Also called enhanced premium tax credits
- Typical ACA subsidies have been from 100% FPL (138% in Medicaid expansion states) up to 400% FPL
- Enhanced subsidies started as part of the American Rescue Plan in 2021 and extended through 2025 by The Inflation Reduction Act
- Temporary enhanced subsidies provide zero premium up to 150% FPL, lowered caps on all income level premiums and a put a cap on premiums over 8.5% income over 400% FPL
- Saved the average enrollee $700 in 2024 with 32% lower premiums
- Increased enrollment of Black and Latino people and people with lower income

The Benefit of the ACA Enhanced Tax Credits



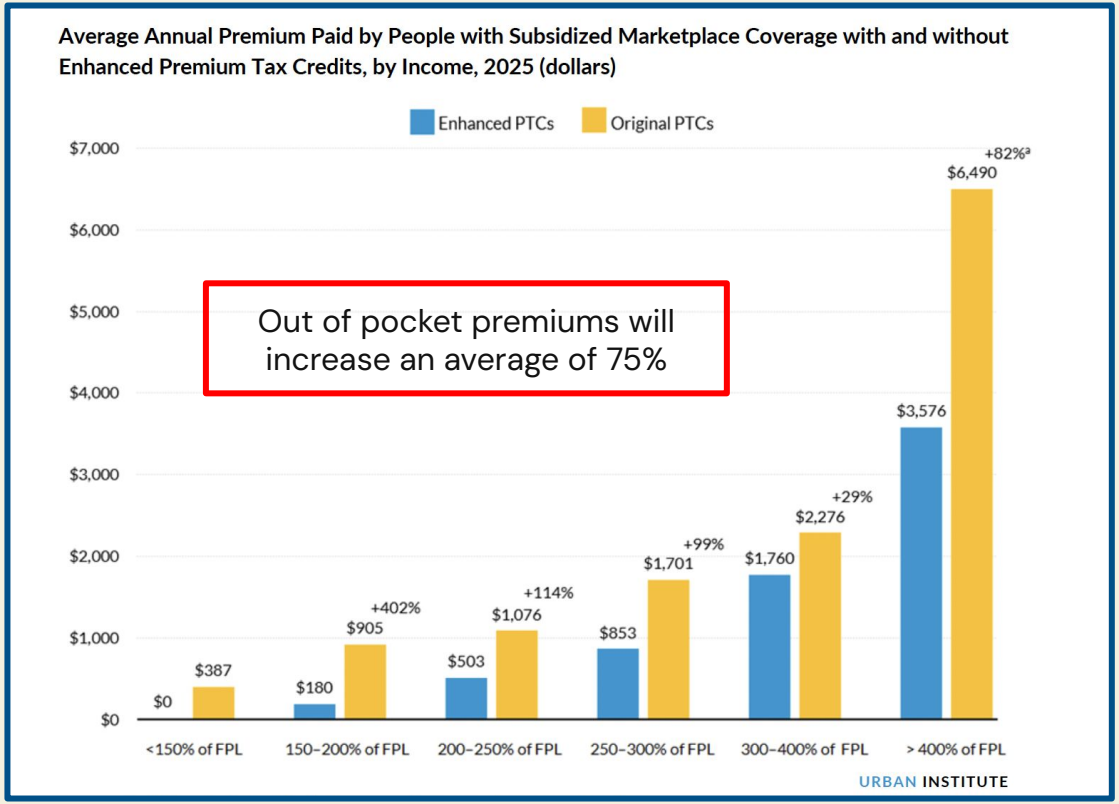
ACA enrollment in 2025 is 24 million people. From 2020 to 2024 it increased by 10 mil due to temporary enhanced subsidies.

The uninsured rate was historically low at 8% in 2023.

The OBBBA and the ACA Marketplace

- More difficult to enroll through *The Marketplace Integrity and Affordability Rule*
  - Update information yearly about income, household, immigration status, etc
  - No more automatic re-enrollment
  - Shorter open enrollment and restricts special enrollment periods
  - Restricted access for DACA recipients
  - Higher maximum out-of-pocket limits
- Some low-income legal immigrants will lose subsidy eligibility
- Repayment of excess tax credits
- **Enhanced Premium tax credits will expire at the end of 2025 increasing out of pocket premium payments by 75%.**

The Loss of ACA Enhanced Tax Credits and Premiums



The CBO predicts 4.2 million people will be uninsured when the tax credits expire at the end of 2025

Premiums are projected to increase by an additional 18% in 2026 for reasons including the risk pool becoming sicker

The OBBBA and Medicare

- Reduced amount of premium support for Medicare Part D (drugs) from the *Low-Income Subsidy* and will affect 40% of beneficiaries
- Eliminates eligibility for lawfully present immigrants (temporary protected status, refugees, asylum seekers, etc.
- Bans on improvements to the *Medicare Savings Program* (uses Medicaid funds to pay Medicare premiums for low-income seniors) will make enrollment more difficult
- The *Pay As You Go* law requires that if new legislation increases the deficit, sequestration may be triggered (across the board spending cuts). Without a waiver **Medicare sequestration could be 4% or $490 billion from 2027 – 2034**

All This is to Say....

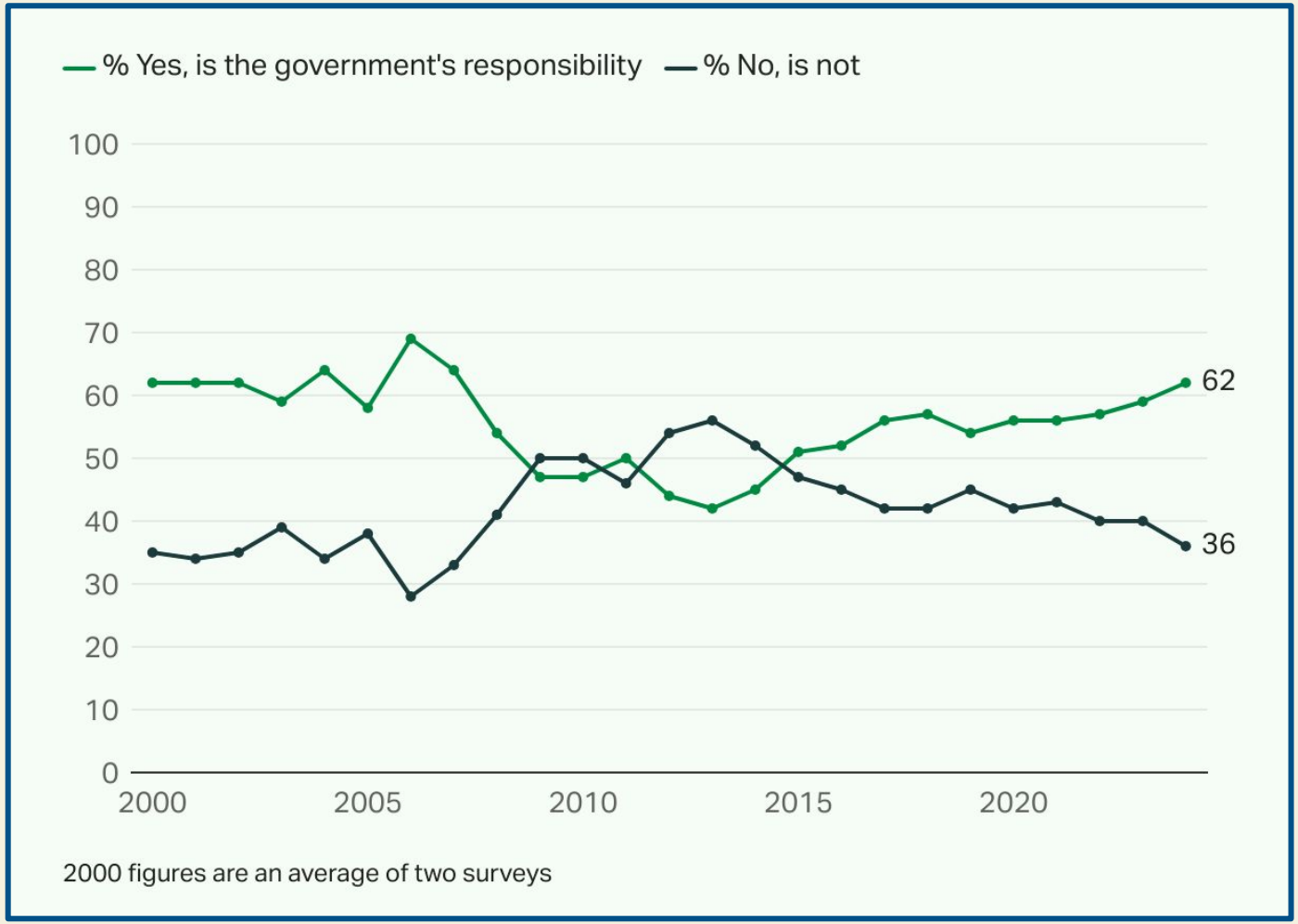
HEALTHCARE INSECURITY IS BAD ENOUGH NOW, BUT IT'S GONNA GET MUCH WORSE IN THE NEXT 5 YEARS. CURRENTLY:

- Over 1 in 3 adults do not have access to affordable quality healthcare
- 11% of those same adults have recently been unable to pay for needed care or medicine -
    - A 6% increase from 2021
- The most notable increases since 2021 have occurred among Hispanic and Black adults and low-income households.

West Health-Gallup Healthcare Indices Study, Nov. 18-Dec. 27, 2024 (n=6,296)


COMPASSION
AFFORDABLE AND EQUITABLE HEALTHCARE FOR ALL AS A HUMAN RIGHT
CRUELTY
DYSFUNCTIONAL, PROFIT-DRIVEN HEALTHCARE THAT EXCLUDES THE DISADVANTAGED AND THE VULNERABLE
WHAT KIND OF COUNTRY DO WE WANT TO BE?
HEALTHCAR REFORM

Most Americans Believe That Ensuring Healthcare Coverage is the Government's Responsibility.



Gallup, Dec 2024

A National Health Program is in Plain Sight: *Improved* Medicare for All

Providing:

- **All medically necessary care**
- **No copays, deductibles, or premiums**
- No need for supplemental insurance
- **Equitably funded** through progressive taxation
- **Simplified** payment design

Inpatient	Dental
Outpatient	Hearing
Rx drugs	Long-term care
Mental health	Comprehensive reproductive care
Vision	

Improved Medicare for All

Commercial Insurance	*Improved* Medicare for All
✗ Narrow networks of hospitals & physicians	✔ Free choice of any hospital or physician in the nation
✗ Unaffordable premiums, deductibles & copays	✔ All care & drugs provided free at point of service
✗ Prior authorizations & denials	✔ All medically necessary care covered without delay
✗ Coverage changes every year and with every job	✔ Lifelong coverage with no interruption in care

Improved Medicare for All

Care is Fully Covered

- **All medically necessary care**
- **No copays, deductibles, or premiums**
- No need for supplemental insurance
- **Equitably funded** through progressive taxation
- **Simplified** payment design

Nobody Left Out

- **Includes** everyone residing in the USA regardless of age, income, employment, or immigration status
- Reliably covered for **entire life**
- **No one denied** due to "pre-existing conditions"
- **Patients have free choice** of practically any doctor and hospital.

Can We Afford Universal Healthcare??

95% of households will
pay less in taxes (“Medicare premiums”)
than they currently pay in
premiums, co-pays, & prescriptions.

And we will all have full comprehensive coverage - free at the point of care!

Single Payer Can Cover Everyone & CostLess

New Savings: $650 Billion

New Expenses: $325 Billion

Administrative Cost Reductions	**$500 Billion**
Drug and Device Negotiations	$150 Billion
Total Savings	**$650 Billion**
New Expenses	$325 Billion
Net Savings	**$325 Billion**

Administrative overhead for private insurance is about 18% and for Medicare 2%

Most Americans Support Medicare for All

- An April 2020 poll showed that **69% of registered voters support Medicare for All**
  - 88 percent of Democrats and 46 percent of Republicans support it.
  - Young Americans overwhelmingly support a single-payer program. 79 % of Americans between the ages of 18 and 49 support Medicare for All.
- A 2017 poll showed 56% of physicians support Medicare for All

The 2025 Medicare for All Act

- **H.R. 3069** introduced by Rep. Jayapal and Rep. Dingell has 105 cosponsors.
- **S. 1506** introduced by Sen. Bernie Sanders has 15 cosponsors
- **Identical to the 2023 versions**

The 2023 *Medicare for All Act* Fact Sheet →

The 2023 *Medicare for All Act* In-Depth Summary ←