



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 22-902

Board Meeting Date: 11/15/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise F. Rogers, Chief, San Mateo County Health
Chester J. Kunnappilly, MD, Chief Executive Officer, San Mateo Medical Center

Subject: Agreement with Medical Debt Resolution, Inc for the Sale and Relief of Patient Medical Debt

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Medical Debt Resolution, Inc dba RIP Medical Debt for the one-time sale and relief of patient medical debt that is determined to be uncollectible.

BACKGROUND:

San Mateo Medical Center (SMMC) has historically transferred patient medical debt (accounts receivable) that was determined to be difficult to collect to the County's Revenue Services Division. Revenue Services would pursue collection of these receivables on behalf of SMMC and charge a fee for all amounts they collected.

In 2018, Revenue Services discontinued accepting new accounts but continued to pursue collection on accounts it already held in its portfolio, and SMMC began contracting with a third-party collection agency for newly incurred debt. As of June 30, 2022, the Revenue Services portfolio held 172,000 accounts of outstanding patient medical debt, of which 90% are 7-20 years old.

DISCUSSION:

Medical debt is a financial burden for many Americans, particularly for low-income people and communities of color. More than 17% of Americans had an outstanding medical bill in collections in 2020, according to a new study by the Journal of American Medical Association. Medical debt can lead to poor credit scores, housing insecurity wage garnishments, anxiety, and financial stress and is reported to be the number one cause of bankruptcy across the country.

In 2021, Peninsula Health Care District introduced Medical Debt Resolution, Inc dba RIP Medical Debt (RIPMD) to SMMC. RIPMD's mission is to end medical debt for patients by acquiring and relieving the medical debt of persons experiencing poverty, or who are experiencing other hardships that make paying the debt difficult or impossible. RIPMD raises philanthropic resources to purchase

and forgive large amounts of medical debt at a discounted rate from hospitals and collection agencies. Peninsula Health Care District has authorized a donation to RIPMD to fund the debt relief for SMMC patients residing in their district. After the purchase is completed, RIPMD notifies each individual that their medical debt has been relieved, with no adverse tax consequences, obligations, or “strings attached”.

RIPMD uses third-party data to identify accounts that qualify for its program. Eligibility criteria include estimated household incomes up to 400% of federal poverty limits and medical debt that exceeds 5% of household income. The amount RIPMD pays for qualifying medical debt is based on the age of each account and a fair market value-based pricing schedule.

SMMC has determined that it would be in the best interest of its patients and the County to sell a significant portion of the Revenue Services portfolio to RIPMD. This agreement is for a single transaction whereby SMMC would sell accounts that are older than 10 years and therefore unlikely to be collectible, for a total price of \$90,539.

The resolution has been reviewed and approved by the County Attorney as to form.

The resolution contains the County’s standard provisions allowing amendment of the County fiscal obligations by a maximum of \$25,000 (in aggregate).

It is anticipated that 72,511 patients will be positively impacted by the relief of uncollectible medical debt.

PERFORMANCE MEASURE:

Measure	FY 2016-17 Estimated	FY 2017-18 Projected
Number of patients positively impacted by the relief of uncollectible medical debt	N/A*	72,511 patients

* New Measure

FISCAL IMPACT:

This agreement is for a single sales transaction in the amount of \$90,538.57 and this revenue is not reflected in the FY22-2023 approved budget.