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[00:00:30] **Speaker 1** Two letters keep coming to you from the hospital about the balance you owe. Well, this week, the Biden administration announced unpaid medical bills will no longer appear on credit reports. Removing $49 billion in such debt from the credit reports of 15 million Americans and nearly 400,000 people In Wisconsin, medical debt lowers credit ratings, preventing people from getting loans, renting apartments, even getting a job. Here with his reaction, attorney Bobby Peterson from ABC Four Health, a nonprofit public interest law firm in Madison. And, Bobby, thanks for being here.

[00:01:08] **Speaker 2** Thanks for inviting me. Appreciate it.

[00:01:10] **Speaker 1** So so when you heard about this, what was your reaction?

[00:01:14] **Speaker 2** I thought it was great. I think, you know, getting medical debt off of people's credit report is a real positive move in the right direction. You know, a lot of times people don't choose to get ill or a sickness or working with a family member that has big bills because of an illness or a sickness. And to have that compromise, your credit report, I think, is just in the wrong direction. It's not a good indicator of credit worthiness oftentimes. So removing it, I think, is definitely a move in the right direction.

[00:01:43] **Speaker 1** You called the current system an electronic debtors prison. How so?

[00:01:48] **Speaker 2** Well, if you think about it, you know, in the old days, they would you know, you didn't pay your bills. They locked up and threw in prison until you paid your bills. Today, it's a situation where you have electronic handcuffs on an electronic debtors prison. That's your credit score. If your credit score doesn't meet the certain metrics that people want. You can't get a car, you can't get apartment. You can't get a job sometimes. And so it really is an electronic debtors prison that traps people, sometimes in poverty by eliminating medical debt from this equation. I think it can lift a lot more people out of this electronic debtor's prison and give them an opportunity to move forward to get credit, apartment jobs, things like that. I mean, the estimates are that people's, by removing medical debt from their credit scores, could raise their credit score by up to 20 points.

[00:02:41] **Speaker 1** So what incentive, though, remains for getting people to pay their medical bills?

[00:02:47] **Speaker 2** Well, I mean, I think that, you know, part of the issue with medical bills is that we have such a confusing, complicated system that trying to understand it and figure it out at the front is extraordinarily difficult for most consumers, particularly if you're sick, if you're helping a family member trying to work through that. It's impossible. What a lot of people don't understand is that those decision makers are saying no to coverage. That usually result in bills that aren't paid. And so when those bills don't get paid, it's a cost for all of us. We've talked before about, you know, the hospital association does an annual uncompensated care report in Wisconsin. That uncompensated care report was about $1.4 billion in 2023. That's money that just isn't getting paid. We also know that that medical billing and medical debt, something there's so many mistakes made in the process that people are billed inappropriately. So, again, it's not a good measure sometimes of someone's credit worthiness because errors, mistakes. Our solution to this is to really work at the front end of the process, try and help people avoid that medical debt before it becomes a bill. Streamline the system and simplify the system a little bit more.

[00:04:05] **Speaker 1** In your experience with clients. How does the debt mostly accrue and mostly for whom?

[00:04:15] **Speaker 2** For a lot of people that have ongoing chronic medical conditions. People that have children with special health care needs, adults with disabilities, because they are high users of the system, they end up getting in those those more encounters that result in more bills and medical debt. And, you know, it's not just hospital debt, it's prescription drug debt. It's going to physicians. It's going to physician groups, dental bills, all of that accumulates. And it just becomes a lot for people to try and deal with and try and work through.

[00:04:46] **Speaker 1** So this is a Biden rule. How likely might it be that it's overturned by the incoming administration?

[00:04:53] **Speaker 2** I'd say there's a good chance that it might get overturned. There's also litigation that's going on right now was filed the day after the rule was published. And the rule doesn't take effect until 60 days after publication. So the rule was published on Monday. 60 days later, the rule will take effect. A lawsuit was filed in Texas. So we've seen this before. So a little bit of venue shopping there to find a judge that might be likely to overturn it. We don't know that that's going to happen, but we suspect that was part of the strategy. We also know that the Congressional Review Act gives Congress an opportunity. Entity to review these administrative rules within 60 days to be able to overturn them, it has to be approved by the House, the Senate, and signed by the president. There's very narrow margins. So, you know, medical debt is one of those issues that does have some bipartisan appeal. So maybe it'll make it through. But I'm not I'm not super optimistic about that.

[00:05:51] **Speaker 1** All right. Well, Bobby Peterson, thanks very much.

[00:05:54] **Speaker 2** You're welcome.

[00:06:00] **Speaker 1** Thank you, sir.

[00:06:01] **Speaker 2** You're welcome.

[00:06:02] **Speaker 1** All right. Have a good weekend.

[00:06:04] **Speaker 2** All right. You, too. Take care. Bye bye.