

# UNIVERSITY OF MINNESOTA

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Commerce Finance and Policy Committee  
Minnesota House of Representatives  
*Via Electronic Delivery*

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**RE: Support for HF 1646 (Medical Debt Reset Act)**

Chair Her, Chair O'Driscoll, and members of the Commerce Finance and Policy Committee:

We write to you today as rural health policy experts to express our support for House File 1646, the Medical Debt Reset Act, which would cancel medical debt for hundreds of thousands of Minnesotans. Our expertise comes from years of research promoting the health and well-being of rural residents.

High health care costs and associated medical debt in the United States are pressing social problems with an estimated 100 million Americans or 41% of adults having some medical debt.<sup>1</sup> While medical debt is experienced across the United States, rural residents are more likely than urban residents to have medical debt (11% vs 8%).<sup>2</sup>

Cancelling medical debt throughout Minnesota will especially help rural Minnesotans. Rural residents face increased barriers to accessing health care due to hospital closures, fewer transportation options, and long travel distances.<sup>3-6</sup> The Minnesota Legislature should pass the Medical Debt Reset Act for the reasons outlined below:

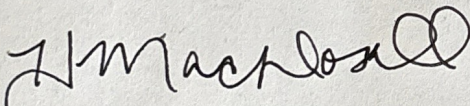
- 1. Medical debt leads to household financial precarity and barriers to needed health care.** The effects of holding medical debt are numerous and include financial and household budget strain, delaying or forgoing seeking needed health care alongside negative repercussions for health and mental health.<sup>7</sup> Following the passage of the Medical Debt Fairness Act in 2024, patients in Minnesota can no longer be denied care due to owing medical debt<sup>8</sup> yet concerns about existing debt may continue to act as a deterrent and 41% of Americans report "worry about paying medical bills".<sup>9</sup>
- 2. Rural residents in Minnesota have more medical debt in collections as compared to urban residents.** On average, 2.9% of residents in rural Minnesota counties have medical debt in collections as compared to 2.6% of urban residents. However, when examining specific counties, there is wide variation with 8.3% of residents in rural Roseau County having medical debt in collections.<sup>10,11</sup> In addition, examining medical debt in collections is a conservative estimate of the experience of medical debt as medical debt oftentimes manifests as credit card debt, loans to family or friends, or rationing other needs.<sup>1</sup> While the Medical Debt Reset Act is especially needed to address rural Minnesotans' medical debt, all residents of Minnesota (rural and urban) will benefit from this cancellation.



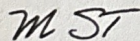
3. **Rural residents face numerous barriers to accessing health care and medical debt compounds these issues.** Rural residents face numerous barriers to accessing health care. These include hospital, facility, pharmacy, and unit closures,<sup>5,12-14</sup> which have disproportionately impacted rural areas. Barriers also include long distances to care, provider and workforce shortages, fewer specialists, and transportation challenges.<sup>4,15-18</sup> Rural residents also have lower incomes, on average, than urban residents. When impacted by medical debt, rural residents face additional strains on economic well-being and access to care.
  
4. **Cancelling medical debt does not address all issues related to health care affordability yet for many it is a lifeline.** While additional upstream interventions are needed to prevent medical debt from occurring in the first place, cancelling medical debt for Minnesotans at our below 400% of the Federal Poverty Line or when medical debt exceeds 5% of income would have profound effects. We know that medical debt is an issue for individuals across income brackets and insurance status *and* those hit the hardest are those who are just above the Federal Poverty Line<sup>9</sup> and those who are uninsured or underinsured.<sup>9,19</sup>

To conclude, our research findings are clear--medical debt cancellation would benefit rural and urban Minnesotans alike. Our research findings suggest that concerns about health care affordability and the distribution of medical debt disproportionately burdens rural residents and the Medical Debt Reset Act would therefore especially benefit rural communities who already face other structural barriers to accessing health care. As rural health policy experts, we are proud to support this bill.

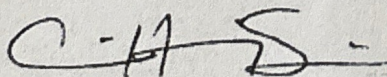
Sincerely,



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