



Minnesota Medical Debt Reset Act

The Minnesota Medical Debt Reset Act (HF 1646/SF 1347) is legislation which makes a one-time, \$5 million appropriation to buy and erase the medical debt of hundreds of thousands of Minnesotans through a partnership with Undue Medical Debt, a national, independent nonprofit organization that erases medical debts. Undue Medical Debt estimates that \$5 million could relieve approximately \$500 million in medical debt from roughly 250,000—400,000 Minnesotans.

How the Minnesota Medical Debt Reset Works

Health care providers like hospitals and physicians' groups typically attempt to recover medical debt through phone calls and letters. If unsuccessful after a certain period, the debt is often considered uncollectable. Some providers hire collection agencies on a contingency basis to pursue recovery, while others may sell the debt in bulk at a significant discount.

Undue Medical Debt works with hospitals, hospital systems, providers and commercial debt buyers on the secondary market to purchase uncollectable medical debt in bundled portfolios for pennies on the dollar, then erases it. On average, \$1 is able to relieve up to \$100 in medical debt.

The Minnesota Medical Debt Reset aims to provide relief to Minnesotans who cannot afford to pay back their medical debt. To be eligible for relief, Minnesota residents must:

1. Have a household income at or below 400% of the Federal Poverty Guidelines, or
2. Have medical debt equal to or exceeding 5% of their household income.

Undue Medical Debt confirms individuals' current incomes in partnership with FinThrive which owns TransUnion, one of the three main credit reporting agencies.

Under the Minnesota Medical Debt Reset Act, eligible Minnesotans cannot apply for relief. If Undue Medical

Debt purchases their debt from a participating partner and erases it, they will receive a letter in the mail confirming that some or all of their medical debt has been eliminated. This relief comes with no strings attached—there are no income tax liabilities or obligations.

If the legislation, and a contract with the nonprofit, moves forward, the state will announce when relief letters are forthcoming. There is no timeline yet for relief. As providers partner with the state, more debt relief announcements will be made.

Government Partnerships at Work

Undue Medical Debt has a history of successfully partnering with local and state governments to help relieve the burden of medical debt from their residents, including the states of Arizona, Connecticut, Illinois, Michigan, New Jersey, and Rhode Island.

Undue Medical Debt has used government funds to abolish almost \$4.5 billion in medical debt for more than 3.5 million people.

Recently, Saint Paul Mayor Melvin Carter partnered with Undue Medical Debt to invest \$1.1 million of American Rescue Plan dollars to erase an estimated \$110 million in medical debt from city residents. In November 2024, Mayor Carter announced that almost \$40 million in medical debt had been erased from Saint Paul residents. In that first round of medical debt relief, the average medical debt erased was \$268, while the largest was \$104,972.

