



March 21, 2024

To: Honorable Members of the House Judiciary Finance and Civil Law Committee:

Re: Support HF 4100 - Minnesota Debt Fairness Act

Dear Chair Becker-Finn, Ranking Member Scott and Committee Members,

On behalf of the ALS Association, I am writing in support of HF 4100, otherwise known as the Minnesota Debt Fairness Act, specifically, the medical debt reforms and ban on copay accumulator policies in insurance plans, which would ensure that the value of copay assistance is counted when calculating patient out-of-pocket cost responsibilities.

Amyotrophic lateral sclerosis (ALS) is an always fatal progressive neurodegenerative disease that slowly robs a person's ability to walk, talk, eat, and eventually breathe. The cost of care for someone living with ALS is astronomical, with annual out-of-pocket expenses reaching upwards of \$250,000 per year. As with many people living with complex medical conditions, those with ALS must take various drugs to maintain their health. The copays associated with acquiring them significantly add to this crushing financial burden.

One way that people with ALS afford their care is through copay assistance programs, where cards or coupons from nonprofit organizations or drug manufacturers help reduce the cost of drugs. However, insurers and pharmacy benefit managers increasingly use copay accumulator adjustment programs to prevent such assistance from counting towards patient cost-sharing, such as their deductible or annual out-of-pocket maximum. In effect, the insurer is "double dipping" and is paid twice by demanding payment of out-of-pocket costs: first from copay assistance programs provided by drug manufacturers or nonprofits and then again from patients.

Copay accumulator adjustment programs do not just harm patients' finances; they undermine their access to life-saving prescription drugs, making it even more difficult for people living with ALS and other complex medical conditions to adhere to a treatment plan. With lower copays, consumers are more likely to take their medications regularly.

We strongly support medical debt reform and the prohibition of copay accumulator adjustment programs. We believe that all Minnesota residents should be able to afford necessary treatments by ensuring all payments – made by or on behalf of them – are counted towards their deductible and out-of-pocket maximums.

Thank you for your research, time and consideration of this critical legislation.

Sincerely,

Sarah Sanchez
Managing Director, Advocacy
The ALS Association
sarah.sanchez@als.org

Rep. Jamie Becker-Finn
Chair, House Judiciary Finance and Civil Law Committee
559 State Office Building
St. Paul, MN 55155

Rep. Peggy Scott
Ranking Member, House Judiciary Finance and Civil Law Committee
335 State Office Building
St. Paul, MN 55155

March 19, 2024

Chair Becker-Finn, Ranking Member Scott, and Members of the Committee,

Enclosed please find our original and supplemental letters in support of the proposed Minnesota Debt Fairness Act. Please be in touch if you have questions or if Cancer Legal Care can help in any other way. Thank you for your consideration, efforts, and leadership on this very important legislation.

Regards,

Lindy Yokanovich, Esq.
Founder and Executive
Director
Cancer Legal Care

Erin Hartung, Esq.
Director of Legal Services
and Managing Attorney,
ICARE Program
Cancer Legal Care

Catherine London, Esq.
Advocacy Chair,
Board of Directors
Cancer Legal Care

Cc: Anna Borgerding, Committee Administrator (Anna.Borgerding@house.mn.gov)
Abdulaziz Mohamed, Government Affairs & Public Policy Coordinator
(abdulaziz.mohamed@ag.state.mn.us)
Rep. Liz Reyer, Author (rep.liz.reyer@house.mn.gov)

**Cancer Legal Care Official Statement on Proposed Minnesota Debt Fairness Act
(HF 4100/SF 4065)**

Cancer Legal Care (CLC) is a 501(c)(3) legal services organization whose mission is to engage the law to resolve the complex challenges facing people and communities affected by cancer. We do this by providing free legal care services to the Minnesota cancer community, from diagnosis to treatment to survivorship. We advise on matters of employment, insurance, disability, financial issues, housing, and estate planning. Our programs are open to all Minnesotans affected by any cancer, residing anywhere in the state, with 75 percent of our clients each year living in the Twin Cities metro area, and 25 percent living in Greater Minnesota. Since 2007, CLC's programs have provided over \$20.1 million in free legal care to over 13,000 Minnesotans affected by cancer.

Cancer brings with it financial toxicity, defined as "the detrimental effects of the excess financial strain caused by the diagnosis of cancer on the well-being of patients, their families, and society."¹ Financial toxicity is reflected in very startling statistics:

1. 42 percent of newly-diagnosed people over 50 will lose their life savings within two years of diagnosis.²
2. Cancer patients are, on average, 2.5 times more likely to file bankruptcy than those without cancer. Furthermore, cancer survivors who file for bankruptcy are 80 percent more likely to die than cancer patients who do not.³
3. 62 percent of personal bankruptcies filed are due in part to significant medical debt. Yet, of these bankruptcy filers, 78 percent had health insurance.⁴
4. 79 percent of oncology care providers are concerned with their cancer patients refusing treatment because of financial worries, and 49 percent have had a cancer patient refuse treatment because of a financial concern.⁵
5. From 2003-2006, more than two million cancer survivors in the United States did not get one or more needed medical service because of financial concerns.⁶

Our clients' lived experiences reflect these very disturbing trends. The following are some examples.

A client, whose spouse was the family's main income earner and passed away from cancer, was left with over \$50,000 in cancer treatment bills after a series of health insurance denials for their spouse's treatment. They told us that having to pay those bills would "wipe me out" financially, leaving them without means to afford a home and daily living expenses for their three small children. Relatedly, clients have come to us

¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7152810/>

² [https://www.amjmed.com/article/S0002-9343\(18\)30509-6/fulltext](https://www.amjmed.com/article/S0002-9343(18)30509-6/fulltext)

³ Mapes D. Cancer bankruptcy and death: study finds link. Fred Hutch News Service. January 25, 2016

⁴ Himmelstein DU, Thorne D, Warren E, et al. Medical Bankruptcy in the United States, 2007: Results of a National Study. *The American Journal of Medicine*. 2009;122:741-746

⁵ Highlights from the 2018 Trending Now in Cancer Care Survey. Association of Community Cancer Centers, Oncology Roundtable

⁶ Weaver KE, Rowland JH, Bellizzi KM, Aziz NM. Forgoing medical care because of cost: assessing disparities in healthcare access among cancer survivors living in the United States. *Cancer*. 2010 Jul 15;116(14):3493-504. doi: 10.1002/cncr.25209. PMID: 20549763; PMCID: PMC3018838

with questions about divorcing in order to avoid burdening their spouses with their medical debt arising from their cancer care. One recent client even phrased it as “a medical divorce.” At a time in our clients’ lives when support and family structure is as important as ever, no one should ever have to contemplate legal dissolution of their marital union in order to protect their spouse’s financial viability. **Repealing the statutory liability for one’s spouse’s medical debt would prevent these situations and protect family structures.**

A client was billed directly for lab services after their healthcare provider incorrectly omitted a billing code modifier in its claim to their insurance, causing a coverage denial. Although the bill was relatively small, being on a strict fixed and limited monthly income, this client had no way to pay the bill without foregoing other imperative needs such as rent, food, or the continuation of their cancer treatment. Minnesotans deserve better than to face these choices. **A prohibition against charging patients fees for coding errors would have prevented this situation.**

Another client required a specialized scan in order to determine the exact nature of their rare cancer and the most appropriate treatment plan, but the scan was denied by their insurance for unclear reasons. Although this client qualified for the healthcare provider’s financial assistance program, because the insurance company refused to cover the scan, the healthcare provider refused to provide the scan without first receiving an up-front down payment from the client of at least \$8,000. The impossibility of this payment left our client without means to receive the necessary scan unless and until Cancer Legal Care was able to make a successful argument to the provider’s legal department regarding an exception clause in the financial assistance policy. Minnesotans should be able to access necessary care without having to overcome the hurdle of an impossible-to-pay bill. **Banning the withholding of medical services due to unpaid debt could have prevented this situation and allowed this patient to proceed with their care in a timely fashion.**

The Minnesota Debt Fairness Act has the power to make a real and significant positive impact on the lives of Minnesota cancer patients who uniformly face an uphill battle in preserving their lives- both medically and financially.

On behalf of our clients, Cancer Legal Care wholeheartedly supports the Minnesota Debt Fairness Act and urges the committee to vote in approval.

**Cancer Legal Care Supplemental Statement on Proposed Minnesota Debt Fairness Act
(HF 4100/SF 4065)**

At the March 4, 2024 hearing before the House Commerce Finance and Policy Committee, Attorney General Ellison expressed that medical debt is not like other consumer debt. The purpose of this statement is to add context and commentary to Attorney General Ellison's statement. **Medical debt is unlike other consumer debt not just because a person does not choose to get sick, but also because medical debt is uniquely fraught with complicated issues** far beyond the reasonable knowledge and skills of average consumers such as billing errors, complex billing processes and coding schemes, improper health insurance denials, health insurance bureaucracy navigation, and inconsistent and (and oftentimes, confidential) provider-insurance network contract terms and implications.

Since 2019, Cancer Legal Care has provided health insurance appeal and provider billing dispute services to our clients under our ICARE program (Insurance Claim Advocacy and REsolution). In this role, we have gathered monetary figures regarding our client's medical debt, and in particular, medical debt which never rightfully should have been assigned to our clients to pay.

Of particular relevance to the proposed Minnesota Debt Fairness Act, we document the amount of charges that our clients have incurred after receiving a medical service or treatment ("post-treatment charges"). This is important because these post-treatment charges have been, or will be, actually billed to our clients as their responsibility to pay (as opposed to charges for services which are denied in a pre-treatment phase, which are not billed to our clients because the service has not and/or will not be provided).

Of these post-treatment charges, from 2019 through January of 2024 Cancer Legal Care's ICARE program has recovered and/or protected 37 clients from paying a total of **\$2,270,477.65** in charges stemming from improper health insurance denials and/or improper health insurance coverage issues, and 6 clients from a total of **\$40,609.57** in charges stemming from health care provider billing errors and other health care provider billing issues. The health insurance denial-related charges (\$2,270,477.65) ranged from \$200.00 to \$360,000.00 per client, averaging to \$61,364.26 per client. The health care provider billing error-related charges (\$40,609.57), ranged from \$231.00 to \$21,870.00 per client, averaging to \$6,768.26 per client.

As these figures and the complicated issues behind them illustrate, medical debt cannot reliably, incontrovertibly, or properly be assigned to a consumer as their rightful responsibility to pay. Furthermore, our clients and many other consumers bearing medical debt oftentimes do not have the resources, knowledge, physical or emotional capacity, or privilege of ample free time to dispute improper medical charges assigned to them. For these reasons and others, **Cancer Legal Care wholeheartedly supports the Minnesota Debt Fairness Act and urges the committee to vote in approval.**

March 21, 2024

The Honorable Jamie Becker-Finn
Chair, House Judiciary Finance and Civil Law Committee
559 State Office Building
St. Paul, MN 55155

The Honorable Peggy Scott
Ranking Member, House Judiciary Finance and Civil Law Committee
335 State Office Building
St. Paul, MN 55155

Re: Support for House File 4100

Dear Representative Becker-Finn, Representative Scott, and members of the committee:

Our organizations represent thousands of Minnesotans who know the toll that consumer debt, including medical debt, can take on families' livelihoods, stability, and health. We thank Representative Reyer for introducing HF 4100, the Minnesota Debt Fairness Act, and we hope your committee will support it.

Patients face significant costs when seeing a doctor or going to the ER. These costs can cause financial hardship and stress for patients and their families, even those with health insurance. Medical debt disproportionately affects lower-income households, Black and Hispanic households, and rural households, and people who are in poor health.¹

According to a January 2021 survey report, 51% of Minnesotans have experienced at least one healthcare affordability burden. 58% of Minnesotans earning less than \$50,000 a year faced affordability challenges, as did 33% of those earning more than \$100,000 per year. 76% are worried about affording healthcare in the future.²

Patients are much more likely to delay or avoid medical care when facing debt. Others reported becoming depressed or anxious because of their debt. Medical debt is often cited as the primary reason for families who file bankruptcy. Many feel they will never be able to pay off their debt.³

Minnesotans should not feel trapped by their medical debt. This legislation will help. It will ban the withholding of medical care due to unpaid debt, reduce medical debt interest rates, and keep medical debt off credit scores, among other valuable consumer protection measures.

Nationally, people agree that these policies are needed. An October 2023 poll commissioned by the American Cancer Society Cancer Action Network, The Leukemia & Lymphoma Society, and RIP Medical

¹ S. Rakshit, et al. Peterson-KFF Health System Tracker. "The Burden of medical debt in the United States." February 12, 2024. <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/>

² Healthcare Value Hub. "Minnesota Residents Struggle to Afford High Healthcare Costs; COVID Fears Add to Support for a Range of Government Solutions Across Party Lines." January 2021. <https://www.healthcarevaluehub.org/advocate-resources/publications/minnesota-residents-struggle-afford-high-healthcare-costs-covid-fears-add-support-range-government-solutions-across-party-lines>

³ Ibid.

Debt found that over 90% of US adults agreed that elected officials should pass policies that protect people with serious illnesses from medical debt and harassment from collection agencies.⁴

The opportunity this legislation provides you to make our medical, economic, and legal systems work more fairly for Minnesotans is tremendous, and we urge you to take it.

Please contact Dana Bacon, Senior Director, State Government Affairs at The Leukemia & Lymphoma Society, at dana.bacon@lls.org or 612.308.0479 if you have any questions or comments on this letter.

Sincerely,

ALS Association
American Cancer Society Cancer Action Network
The Arc Minnesota
Cancer Legal Care
The Leukemia & Lymphoma Society
Minnesota Association of Community Health Centers
Minnesota Budget Project
Minnesota Nurses Association
National Kidney Foundation
National Multiple Sclerosis Society

⁴ The American Cancer Society Cancer Action Network, The Leukemia & Lymphoma Society, and RIP Medical Debt. “Nearly 1 in 2 Patients with Medical Debt Feel “Trapped”, New Poll from Leading Healthcare Orgs Finds.” October 30, 2023. <https://www.lls.org/news/nearly-1-2-patients-medical-debt-feel-trapped-new-poll-leading-healthcare-orgs-finds>



House Judiciary Finance and Civil Law Committee
Committee Administrator Anna Borgerding, Anna.Borgerding@house.mn.gov

Dear House Judiciary Finance and Civil Law Committee Members,

The Access to Justice Committee at the Minnesota State Bar Association (MSBA) is dedicated to advancing solutions that help all people, and particularly people with lower incomes or limited access to legal assistance, obtain the legal help and resources they need to receive equal justice. We do this work by convening a wide range of attorneys, experts, and leaders representing all sectors of the legal community from across Minnesota to advance initiatives that increase access to justice.

The Access to Justice Committee has taken a position in strong support for Section 28 of the Minnesota Debt Fairness Act HF4100/SF4065, which protects a minimum balance in a consumer's bank account from seizure.

Our Committee released a report in October 2023 that focused on Minnesota Consumer Debt Litigation. The report found that consumer debt court cases make up the majority of civil (non-criminal) cases in Minnesota's court system. For many Minnesotans a consumer debt case is their first experience with the courts and almost all of them attempt to navigate these matters without the help of an attorney.

Among the report's recommendations was to enact legislation to protect a minimum amount of money in a consumer's bank account, as Section 28 seeks to do. This was a result of research that found bank account seizures receive much less court oversight in Minnesota than in other states. Emptying a person's bank account leaves them vulnerable to eviction, job loss due to inability to pay for transportation or childcare, and falling further behind on other debts. In addition, the report found that Black and Latino Minnesotans are sued at much higher rates than their white counterparts, further exacerbating the many racial disparities seen in our state.

We heard from those who help litigants in debt that bank accounts are often cleared to a zero balance, even though the person may qualify for an exemption. While litigants can assert exemptions, it takes up to six weeks to reverse an erroneously zeroed-out bank account, which can be disastrous for the lowest-income people in our communities.

We seek a mechanism to prevent low-income Minnesotans from falling further behind and into poverty while they repay what they owe to creditors. We believe Section 28 will be a step forward. We also believe this section will help blunt some of the more extreme effects of racial disparities in the justice system.

The Access to Justice Committee is happy to provide more information about this report at your request. We appreciate your consideration of the Committee's position.

Sincerely,

A handwritten signature in black ink, appearing to read "Veena Iyer".

Veena Iyer, Co-Chair
Access to Justice Committee of the MSBA

A handwritten signature in red ink, appearing to read "Kiri Somermeyer".

Kiri Somermeyer, Co-Chair
Access to Justice Committee of the MSBA



March 20, 2024

The Honorable Jamie Becker-Finn
Chair, Judiciary Finance and Civil Law Committee
Minnesota House of Representatives
559 State Office Building
St. Paul, MN 55155

The Honorable Peggy Scott
Ranking Member, Judiciary Finance and Civil Law Committee
Minnesota House of Representatives
335 State Office Building
St. Paul, MN 55155

Re: HF4100

Dear Chair Klein, Ranking Minority Member Dahms, and Members of the Commerce & Consumer Protection Committee,

I write today on behalf of Exodus Lending to express our strong support of the Minnesota Debt Fairness Act (HF4100). Exodus lending is a statewide nonprofit that works with financially excluded Minnesotans to offer a way out of predatory debt - refinancing high-cost loans that carry interest rates over 36% and often in the triple-digits. Since we opened our doors in 2015 we have reached more than 715 Minnesotans across 46 counties and refinanced more than 1,000 predatory loans which in turn saved our community nearly \$2.2 million that otherwise would have been spent on fees and interest.

While our organization focuses on predatory loan debt, the Minnesotans who seek our services are experiencing a complex web of circumstances that include significant debts of all kinds and we see firsthand how the brokenness of Minnesota's debt collection system destabilizes families who often then turn to predatory products out of desperation. The reforms offered by HF4100 will serve to keep Minnesotans out of crisis while they work their way out of debt.

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exoduslending.org

Our loans serve as credit-building tools for the people we serve, and we accompany our program participants as they build or rebuild credit. Banning medical debt from being reported to credit bureaus will protect those who have worked hard to build good credit from having their financial goals shattered by unplanned medical bills.

We strongly urge you to adopt HF4100 and thank you for the opportunity to provide these written comments and for your thoughtful attention to this important issue.

Sincerely,

Anne Leland
Executive Director
Exodus Lending