

Episode: Ethics Talk Videocast Transcript – Crushing Medical Debt During COVID

Guest: Allison Sesso, MPA

Host: Tim Hoff; Audiey Kao, MD, PhD

Transcript by: Cheryl Green

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[bright theme music]

TIM HOFF: Welcome to another special edition of *Ethics Talk*, the *American Medical Association Journal of Ethics* podcast on ethics in health and health care. I'm your host, Tim Hoff. This episode is an audio version of a video interview conducted by the Journal's editor in chief, Dr Audiey Kao, with Allison Sesso, Executive Director of RIP Medical Debt, a 501(c)3 that works to eliminate medical debt for those at or near the federal poverty level. She joined us to discuss the devastating impacts of medical debt exacerbated by the coronavirus pandemic and how RIP Medical Debt helps to abolish this financial burden. To watch the full video interview, head to our site, JournalofEthics.org, or visit our [YouTube channel](#).

DR AUDIEY KAO: Miss Sesso, thanks for being a guest on *Ethics Talk* today. [music fades out]

ALLISON SESSO: Thank you so much for having me and for covering this important topic.

KAO: So, one in six Americans have past due health care bills on their credit report, a debt totaling \$81 billion. And that was before the coronavirus pandemic hit. As the head of a charity aimed at helping individuals with medical debt, what have you seen as the impact of this viral pandemic on this debt epidemic?

SESSO: What I've seen as the impact of this coronavirus is really making a bad situation significantly worse. What we've seen is significant job loss. And because of the way insurance is provided in this country, job loss equals health insurance loss.

KAO: Yeah.

SESSO: And so, in the middle of a moment when people need access to health care the most, they have that access the least. Not only that, but individuals have felt an economic downturn on the low end of the scale in particular. And so, their ability to deal with existing medical debts and bills has really diminished. So, unfortunately, this pandemic has both an economic impact and a health care impact that is substantial and that I think we really need to be paying attention to.

KAO: So, given this kind of double whammy in terms of the pandemic being both a health care crisis and also an economic crisis, how does your organization help those saddled with medical debt? And can you share an example or two of an individual or family that your charity has helped?

SESSO: Absolutely. I'd love to share an example with you. First of all, how we help people, very plainly, is by getting rid of their medical debt. We literally buy the medical debt for pennies on the dollar. So, every dollar that's given to RIP Medical Debt gets rid of \$100 of medical debt or weight off of an individual. And so, we, quite frankly, just remove

medical debts, and we abolish them. So, we are abolishers. There have been at 1.6 million people-1-.6 million people—that we've helped to date, abolishing nearly \$3 billion, as you said at the beginning, of debt. And I have so many stories that I could pick from, but I'm going to tell you one story.

And I'll actually read you the words of this individual, which was a person who, at the time, was living in Florida, now lives in Texas. She was a home health aide for a special needs individual. She had a bill that was a little over \$4,000 because she had an E.R. visit in 2012 due to an infection. The way our model works, you don't ask for this help. You just get it. And so, she did get a letter in the mail as a surprise, you know. It's the opposite of surprise billing. It's surprise abolishment.

KAO: Wow.

SESSO: And so, she got a surprise abolishment letter in the mail. And this is what she wrote to us. She said, "Thank you so much for canceling this debt. It means the world to me. Once I read your letter and understood that I no longer owed this debt, it came as a breath of fresh air and relief. I didn't have insurance at the time, and I applied for low-income program assistance but was denied. I want to clear up my credit. I have always felt ashamed"—think of that word, "ashamed"—at not being able to pay off my debt. "I currently have no health insurance and cannot afford to buy any. I've applied for Medicaid and been denied." So, this individual really had no other way of dealing with this debt and was obviously thrilled that we were able to help them. And we were thrilled to be able to help them as well.

KAO: Yea. So, if I can just follow up on what you just said. You mentioned that you can abolish \$100 of medical debt with \$1. So, how do you get that \$1? I mean, how does your organization secure its funds to be able to abolish this medical debt?

SESSO: Thank you for asking that question. How we're able to get those donations is through the generosity of Americans. Honestly, I would say what I've learned in this role is that Americans are extremely generous. Americans are also very familiar, unfortunately, with the plight of people in medical debt because it affects so many of us. And if it doesn't affect you directly, it affects someone you know very likely. And it's only spreading.

So, how we raise those funds is that we let people know about us. And when they hear about us, I mean, I think they just, it resonates. It just clearly resonates with people. And our gifts are anywhere from small amounts, from \$1 to \$10, \$20 to larger gifts. In fact, we were just really lucky to be the recipients of a gift from MacKenzie Scott of \$50 million, which will allow us to abolish at least \$5 billion of debt across the United States. So, really, it's from the generosity of the American people: churches, it's individuals, it's foundations. They're all really supporting us. And we've seen really incredible growth because people understand this problem and frankly want to do something about it at a time when it seems like our government is not doing enough about it.

KAO: Yeah. So, given what you just said in terms of the importance of personal generosity and the work of charities like yours in helping those in critical need, how should we think about charity and reliance, and possibly overreliance, upon it as a means to address medical debt, especially from an equity and justice perspective?

SESSO: I am glad you asked a question about equity. Look. The United States has a racism problem, and that problem exists within medical debt for sure. There's no question

that medical debt disproportionately impacts people of color, particularly Black Americans. It is a problem that sits both in terms of health care, racism itself, is demonstrated to actually create health problems, just racism itself, having to bear that every single day. So, the health care needs amongst Black Americans is higher. And then you couple that with the debt that is higher amongst Black Americans because of the legacy of slavery. And so, really, when I think about charity, I think that is not the answer. I think oftentimes, and I think RIP is included here, charity is picking up the pieces of otherwise broken systems. Now, it's important work that has to get done. Again, when there is an absence of government action, citizens will come up and do their work. But I do think that there is a larger systemic problem that we need to face as a nation in terms of our health care system. And RIP is not here to do this work every single day for forever. I would love for there to be a day that we could close our doors because we've solved this very, very difficult problem that's really, again, spreading so much across the nation.

KAO: Yeah. No, I think you make excellent points about the fact that you would like to no longer be the Executive Director of RIP Medical Debt, because from an equity standpoint, we need to solve this on a much larger systemic and public policy level rather than through charity, yeah.

SESSO: Absolutely.

KAO: Given that more than 80 percent, you alluded to earlier in our conversation that people who have lost their jobs due to the coronavirus pandemic have lost their health insurance. But even those who have employer-sponsored health insurance, more than 80 percent have out-of-pocket deductibles that average around \$1,700. Therefore, being insured doesn't necessarily protect one from incurring medical debt. In that light, hospitals are increasingly suing to get payment while insurance covers less and less, leaving a growing number of patients on the hook. So, what should we expect from employers and hospitals to help address this medical debt burden?

SESSO: It's a good question about what to really expect from both the hospital system as well as employers as well as, frankly, insurance companies, I would add, right? What should we expect? In my estimation of the problem, everybody in this system is playing to how the system is set up, which is why I think we need larger public policy answers here. I think the way our system is set up is creating this dynamic. I don't blame hospitals, I don't blame insurance companies, and I don't blame employers for this situation. And I certainly don't blame patients who actually end up at the end of this. I blame the fact that we have a broken system that needs serious rehauling.

At the end of the day, I would say hospitals, look. Suing people is not going to get very far because you're suing people who don't have the means. They're not paying because they don't have the money. Now, of course, there are outliers there, and you will always hear those arguments. But at the end of the day, for the most part, suing is not going to get you very far. You're really trying to get blood from a stone, as they say. So, but I will give hospitals credit, which I feel like we often don't, for the fact that they do have charity care. A lot of them do actually give out a decent amount of free care. Should they be looking at their charity care and re-examining it and making sure it's maximized? Absolutely. And hospitals should be doing more of that, and I think we can expect them to do more of that.

But the reality is hospitals are also financially suffering, particularly as a result of COVID. You know, they've been inundated with work, overwhelmed, and their main way of making money, which is elective surgeries, has been totally shut off. So, you have to recognize the

situation that they're in, which is why they're being motivated to try to sue, which is a very, again, problematic answer but one of the few things that they have available to them.

At the other end of the spectrum, you asked about employers. Employers have not divested in their employees, right? I do not think that employers have decreased. In fact, many have increased how much they're paying for health insurance. What's happened is that the cost of health insurance is escalating, and it's been escalating for years. It's going up 10 percent every year. And so, in order to maintain their investment and not have to keep throwing money into the insurance costs, they end up buying lesser plans. And those lesser plans put more of the costs onto the patient. And that's just the reality. And that means higher deductibles, more premium costs for the individual. And frankly, also, which definitely leads to medical debt, smaller networks. So, your risk of going out of network is much higher. And so, that's the reality that we're facing with the health insurance situation and access to it and where hospitals and employers really fit.

KAO: Yeah. So, reflecting on some of your points that you've made about we need big solutions to address this broken system and that one aspect of that is the rising cost of health care. According to a 2020 Gallup poll, half of U.S. adults are concerned that medical costs incurred during a major health event, such as being hospitalized for COVID-19, could bankrupt them. As we mark the 10-year anniversary of the Affordable Care Act, what more needs to be done to address the rising costs of health care in the U.S., which spends more on health care than any OECD country?

SESSO: You ask a really good question about what needs to be done here. First of all, we often get compared to other countries, right? And the reality is our system is a profit-based system. Other countries do not have a profit-based system. So, you're comparing apples to oranges. It's not a fair comparison. If we had to start over from the beginning, that would be one thing. But we are where we are right now. I think that, you bring up the ACA, I think that was a huge step forward. I think we need to build off of that. And I think we have to realize that to change and fundamentally go from a profit-based system to a non-profit-based system would not be painless for our country. It doesn't mean we shouldn't do it. It means that we have to be aware that you can't just snap your fingers and go from a profit-based system to a government-run system without a lot of people losing their jobs and a lot of people losing investments. And that's a difficult thing to do. So, that would have to be given a lot of thought and effort. And really, you'd have to think about the various ripple effects of that, of dismantling something that's been in place and that exists in this country. But I think that comparison is something to pay attention to.

We need—we need—to build on the ACA. First of all, any states that have not taken up the ACA, you need to take up the ACA expansion and the Medicaid expansion. We know that those people that are in those states are not getting full access as they could be. So, that's, first of all, an atrocity. I mean, we have a tool, that because of politics, people are not taking advantage of, and it's disgusting. So, that's first of all. That's something that could happen tomorrow if the politics were just right.

On top of that, I think the administration coming in has talked about a public option. Well, perhaps that's something we should be exploring. I mean, I think the answer here is all about access: access and affordability. So, you have to have health insurance that you have access to it, and it has to be affordable. As you said before, deductibles that are high, that's not a good insurance. It has to be decent insurance. And that's going to—reality check—cost government more money one way or another. There is no way you can do any of this without greater government investment.

KAO: Yeah. If I could just ask one follow-up question, what do you think? As you said, we currently are in a for-profit health care system. And so, and obviously, with the new administration coming in, there may be a greater push for Medicare for all. What do you think about that as the change that our system needs?

SESSO: I think that all options need to be on the table. I can tell you what we're doing right now is not working, and it's not getting any better. The trends are getting absolutely worse. So, we do need to do something. Is the answer Medicare for All? I don't know. That's going to come with certain tradeoffs. Everything we do is going to have winners and losers. And I think that we need, as public policy experts think about this and take apart the pieces, we need to do it slowly. We probably, I understand that there's an urgency here. There is an urgency. But you have to think thoughtfully about what it means when you make a change like that. And so, Medicare for All, again, may be an answer. But again, you're going to have tradeoffs when you do that. So, we should do anything we do with our eyes wide open. But one thing I know for sure, which is we cannot do nothing, and we cannot stand still.

KAO: Yeah. With that passionate call to action, I want to thank Allison Sesso for sharing her expertise and insights on this critically important topic. Allison, thanks again for being a guest on *Ethics Talk*.

SESSO: Thank you so much for having me.

KAO: For more COVID ethics resources, please visit the *AMA Journal of Ethics* at [JournalofEthics.org](https://www.journalofethics.org). And finally, to our viewing audience, be well and be safe. We'll see you next time on *Ethics Talk*. [bright theme music plays]