

March 15, 2024



The Honorable Zack Stephenson, Chair
House Commerce Finance and Policy Committee
449 State Office Building
St. Paul, MN 55155

The Honorable Tim O'Driscoll, Republican Lead
House Commerce Finance and Policy Committee
237 State Office Building
St. Paul, MN 55155

Re: H.F. 4100: Debt Fairness Bill

Chair Stephenson, Minority Lead O'Driscoll and Members of the House Commerce Finance and Policy Committee:

Thank you for the opportunity to comment on House File 4100. The Minnesota Bankers Association is a trade association established in 1889, representing 280 member banks in Minnesota, from the largest to the very smallest. Our members had numerous concerns with the bill as introduced, many of which we expect to be resolved in the Delete-Everything amendment. We have had productive conversations with Representative Reyer, Senator Bolden, staff from the Attorney General's Office, and other stakeholders.

We are committed to working with the authors and stakeholders on our remaining concerns around the bank account garnishment provisions and how they would work for banks and creditors.

We appreciate Representative Reyer's willingness to work with us and look forward to continued discussions on the bill.

Sincerely,

Tess Rice
General Counsel

Dear Legislators,

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,

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

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

Rep. Zach Stephenson
Chair, House Commerce Finance and Policy Committee
449 State Office Building
St. Paul, MN 55155

Rep. Tim O'Driscoll
Ranking Member, House Commerce Finance and Policy Committee
237 State Office Building
St. Paul, MN 55155

March 15, 2024

Chair Stephenson, Ranking Member O'Driscoll, 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: Simon Brown, Committee Administrator (Simon.Brown@house.mn.gov)
Abdulaziz Mohamed, Government Affairs & Public Policy Coordinator
(abdulaziz.mohamed@ag.state.mn.us)
Rep. Liz Reyer, HF 4100 Author (rep.liz.reyer@house.mn.gov)

Cancer Legal Care Official Statement on Proposed Minnesota Debt Fairness Act (HF 1814)

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 1814)**

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 15, 2024

To: Honorable Members of the House Commerce Finance and Policy Committee:

Re: Support HF 4100/SF 4065 - Minnesota Debt Fairness Act

Dear Chair Zack Stephenson, Ranking Member Tim O'Driscoll and Committee Members,

On behalf of the ALS Association, I am writing in support of HF 4100/SF 4065, 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