



Legislation Text

File #: 3567-2022, **Version:** 1

This ordinance authorizes the Director of the Department of Finance and Management to enter into a non-profit service contract with RIP Medical Debt (RIPMD), a national 501(c)(3) organization that acquires and relieves financially burdensome medical debt. RIPMD buys debt from hospitals in bundles at a fraction of its original cost.

The contract with RIPMD will target medical debt for Columbus residents who earn less than 400% of the federal poverty level and/or whose medical debts comprise 5% or more of their annual income. Recipients will not face any tax obligations as RIPMD serves as a disinterested third party and does not collect on the debt they purchase.

Because RIPMD can acquire debt for less than \$1 per \$100 of delinquent debt, its impact quickly adds up for families with delinquent medical debt. For example, \$1,000,000 in purchasing power could forgive \$100,000,000 in debt for Columbus residents. RIPMD estimates that over 100,000 Columbus residents hold delinquent medical debt, and that about 75,000 of those individuals would qualify for forgiveness under RIPMD's program. Based on average debt held by individuals with delinquent medical debt nationwide, RIPMD estimates that Columbus residents would qualify for \$180,000,000 to \$200,000,000 in total debts forgiven.

Under the contract, RIPMD will perform outreach to area hospitals to initiate partnerships and develop agreements to buy debt of all qualifying patients. RIPMD will securely process patient data in accordance with HIPAA and any additional hospital privacy policies to assess which patients qualify for debt forgiveness under their program. The City of Columbus' contract with RIPMD will provide the funding necessary to relieve the medical debt of qualifying Columbus residents. RIPMD will also relieve the debt of qualifying individuals who do not reside in Columbus through the other philanthropic contributions they receive. The City of Columbus will provide ZIP code information to RIPMD to assist in the differentiation between Columbus residents and non-residents. RIPMD will notify individuals that their debt has been acquired by RIPMD and paid for by funding from the City of Columbus. Individuals do not have to take any action. RIPMD will anonymize data and provide regular reports to the City of Columbus on the action taken and impact of their program in Columbus.

This organization has specialized expertise in this area. As such, these services cannot be performed by current city employees.

Fiscal Impact: Funding is available within the Recovery Fund.

To authorize the Director of the Department of Finance and Management to enter into a non-profit service contract with RIP Medical Debt; to authorize the transfer of \$2,000,000.00 within the Recovery Fund; and to authorize the expenditure of up to \$2,000,000.00 from the Recovery Fund. (\$2,000,000.00)

WHEREAS, Columbus City Council seeks to build pathways out of poverty, promoting financial stability and empowerment for all Columbus residents; and

WHEREAS, according to a study published in the Journal of the American Medical Association in September 2022, medical debt disproportionately affects women, people of color, and households earning less than 400% of the federal poverty level; and

WHEREAS, according to the same study, medical debt may be associated with the subsequent worsening of social determinants of health, including food insecurity and housing instability; and

WHEREAS, as many as 80,000 Columbus residents who earn less than 400% of the federal poverty level are likely holding delinquent medical debt that impacts their credit and overall financial well-being; and

WHEREAS, over 350,000 cases of COVID-19 have been reported in Franklin County since the start of the COVID-19 pandemic in March 2020, rapidly exacerbating the number of hospitalizations of and amount of medical debt held by Columbus residents; and

WHEREAS, it has become necessary in the usual daily operation of the Department of Finance and Management to authorize the Director to enter into a non-profit service contract with RIP Medical Debt; **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of the Department of Finance and Management is hereby authorized to enter into a non-profit service contract with RIP Medical Debt for the forgiveness of delinquent medical debt of qualifying Columbus residents.

SECTION 2. That the transfer of \$2,000,000.00, or so much thereof as may be needed, is hereby authorized within Fund 2209 Recovery Fund, Dept-Div 4501, Object Class 03 to Dept-Div 4550 Finance Director's Office, Object Class 03 per the account codes in the attachment to this ordinance

SECTION 3. That for the purpose stated in Section 1, the expenditure of up to \$2,000,000.00, is hereby authorized in Fund 2209 (ARPA), per the accounting codes in the attachment to this ordinance.

SECTION 4. That the funds necessary to carry out the purpose of this ordinance are hereby deemed appropriated and the City Auditor shall establish such accounting codes as necessary.

SECTION 5. That the City Auditor is authorized to make any accounting changes to revise the funding source for all contracts or contract modifications associated with this ordinance.

SECTION 6. That this ordinance shall take effect at the earliest date allowable by law.