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5 **A RESOLUTION**
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7 Appropriating \$1,613,988 in American Rescue Plan Act (ARPA) funds to purchase and
8 forgive approximately \$153 million of Milwaukee County residents' medical debt,
9 supporting approximately 67,000 neighbors-in-need
10

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12 WHEREAS, Milwaukee County's vision is to become the healthiest county in
13 Wisconsin by addressing racial health inequities and social determinants of health; and
14

15 WHEREAS, a growing body of research from U.S. universities demonstrates that
16 unpaid medical bills can worsen social determinants of health – and moreover, the debt
17 itself is likely a social determinant of health; and
18

19 WHEREAS, according to a May 19, 2021 Sycamore Institute article titled, "How
20 Medical Debt Affects Health," medical debt can negatively impact people's credit
21 scores, their ability to purchase a vehicle or a home, their ability to pay other loans and
22 more, exacerbating their economic stability and mobility; and
23

24 WHEREAS, according to the aforementioned Sycamore Institute article, people
25 who have medical debt or trouble paying their medical bills are more likely to avoid
26 seeking medical treatment for ailments and are more likely to have health issues –
27 including high blood pressure, worse self-reported health status, poorer mental health,
28 and shorter life expectancy; and
29

30 WHEREAS, according to the October 25, 2021 Fox Business web article,
31 "Medical debt is the leading cause of bankruptcy, data shows," medical debt is the
32 largest single cause of bankruptcy in America, according to the National Consumer Law
33 Center (NCLC), and more than half of debtors have medical debt as part of their
34 bankruptcy filings; and
35

36 WHEREAS, according to a March 11, 2022 CNBC web article, "Over half of
37 Americans have medical debt, even those with health insurance – here's why," over half
38 of Americans have medical debt, even those with health insurance, and a quarter of
39 Americans owe \$10,000 or more in medical debt; and

40 WHEREAS, according to the aforementioned CNBC article, the largest
41 contributors to medical debt in America are emergency room visits (46 percent),
42 COVID-19 treatment (30 percent), and mental health treatment (23 percent); and
43

44 WHEREAS, the December 2021 Health Affairs journal article, "Hospital Lawsuits
45 Over Unpaid Bills Increased By 37 Percent in Wisconsin From 2001 To 2018," hospital
46 lawsuits over unpaid bills increased by 37 percent in Wisconsin from 2001 to 2018, with
47 lawsuits being disproportionately directed at Black and African American patients living
48 in poorer areas; and
49

50 WHEREAS, according to the 2019 U.S. Census Bureau's American Community
51 Survey, 11 percent of the white population holds medical debt while 24 percent of
52 people of color in Milwaukee County hold medical debt; and
53

54 WHEREAS, RIP Medical Debt is a 501(c)(3) charitable organization supported by
55 MacKenzie Scott (author and ex-wife of Amazon founder Jeff Bezos) which works to
56 eliminate personal medical debt for those who have accrued a significant amount of
57 medical debt (5 percent+ of their estimated household income) and are unlikely to be
58 able to pay down their debts (household incomes in between 0 percent and 400 percent
59 of the Federal Poverty Level); and
60

61 WHEREAS, RIP Medical Debt estimates 67,000 Milwaukee County residents
62 who meet their criteria for support hold approximately \$153 million in medical debt,
63 which could potentially be purchased in total with \$1.53 million, a 10,000 percent
64 potential return on Milwaukee County's investment; and
65

66 WHEREAS, counties and municipalities such as Toledo, Ohio; Lucas County,
67 Ohio; and Cook County, Illinois; and New Orleans, Louisiana have launched programs
68 in partnership with RIP Medical Debt to purchase medical debt from health systems for
69 pennies on the dollar, and forgive it, freeing the debtors from the negative physical and
70 financial consequences of medical debt; and
71

72 WHEREAS, according to the November 10, 2022 *The Blade* Editorial Board
73 opinion, Toledo and Lucas County in Ohio aim to use \$1.6 million in ARPA funds to
74 purchase and forgive as much as \$200 million in medical debt for their local residents, a
75 12,500 percent return on their investments; and
76

77 WHEREAS, according to the July 21, 2022 *Chicago Tribune* article, "Cook
78 County hopes to eliminate \$1 billion in residents' medical debt. Here's how.," Cook
79 County, Illinois aims to leverage \$12 million over the next three years to purchase and

80 forgive \$1 billion in local medical debt, and 8,333 percent return on the local investment;
81 now, therefore,

82

83 BE IT RESOLVED, that the Milwaukee County Board of Supervisors authorizes
84 and allocates \$1,613,998 of American Rescue Plan Act (ARPA) funds to the Medical
85 Debt Forgiveness Fund project administered by the Milwaukee County Department of
86 Health and Human Services (DHHS); and

87

88 BE IT FURTHER RESOLVED, the Milwaukee County Board of Supervisors
89 hereby authorizes DHHS to enter into a nonprofit sole source service contract with RIP
90 Medical Debt and authorizes the expenditure of up to \$1.53 million to purchase medical
91 debt of Milwaukee County residents with a household income between 0 and 400
92 percent of the Federal Poverty Level and medical debts totaling at least 5 percent of
93 their household income, and to communicate with the debtors that their medical debt
94 has been forgiven; and

95 BE IT FURTHER RESOLVED, the Milwaukee County Board of Supervisors
96 hereby authorizes DHHS to provide contracting, fiscal oversight and project
97 management support for the Medical Debt Forgiveness Fund project for a total amount
98 up to \$83,988 for 2023 through 2026; and

99

100 BE IT FURTHER RESOLVED, the Milwaukee County Board of Supervisors
101 hereby authorizes the Office of Strategy, Budget and Performance and the Office of the
102 Comptroller to process an administrative appropriation transfer of \$1,613,998 to direct
103 funds to DHHS for the Medical Debt Forgiveness Fund program starting January 1,
104 2023 until December 31, 2026; and

105

106 BE IT FURTHER RESOLVED, DHHS shall provide a report no less than once
107 per year on the status of the program including aggregate information on the
108 expenditures from the Medical Debt Forgiveness Fund and its impact on improving the
109 fiscal health of Milwaukee County residents; and

110

111 BE IT FURTHER RESOLVED, the County Board authorizes the Department of
112 Health and Human Services (DHHS), Department of Administrative Services (DAS), the
113 Office of Corporation Counsel, Risk Management Division, Community Business
114 Development Partners, Office of the Comptroller, Office of Strategy, Budget and
115 Performance and County Executive, to prepare, review, approve, and execute all
116 contracts and other documents, and take all actions as required for the purpose of
117 administering the above-referenced programs funded by the American Rescue Plan Act
118 grant allocation framework.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: February 21, 2023

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution appropriating \$1,613,988 in American Rescue Plan Act (ARPA) funds to purchase and forgive approximately \$153 million of Milwaukee County residents' medical debt, supporting approximately 67,000 neighbors-in-need

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input checked="" type="checkbox"/> Not Absorbed Within Agency's Budget
<input type="checkbox"/> Decrease Operating Expenditures
<input checked="" type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|---|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$1,613,988	\$0
	Revenue	\$1,613,988	\$0
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
 - B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
 - C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
 - D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
-
- A. Approval of this resolution will allocate \$1,613,988 of American Rescue Plan Act (ARPA) funds granted to Milwaukee County to effectuate a program to help pay and forgive medical debt held by Milwaukee County residents that meet certain eligibility requirements. The expenditure includes \$1,530,000 to sole source contract with RIP Medical Debt and \$83,988 for the Department of Health and Human Services (DHHS) to provide contracting, fiscal oversight, and project management support.
 - B. The direct cost will be \$1,613,988 with the understanding that these costs may be expended over the project period of 2023 through 2026. No additional allocations of funds are anticipated during the project period.
 - C. There are no budgetary impacts as the cost for the initiative is offset with ARPA grant funds and would not impact Milwaukee County's operating budget as they are held separately and will be used exclusively on the medical debt forgiveness program. The administrative costs are estimated to be \$83,988 to provide contracting, fiscal oversight, and project management support and have been reviewed as reasonable by the Office of Strategy, Budget and Performance (SBP).
 - D. No assumptions were used.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

Department/Prepared By Steve Cady, Research and Policy Director, Office of the Comptroller

Authorized Signature Stephen J. Cady

Did SBP Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required