



UNDUE

Medical Debt

Government Initiatives

OVERVIEW

GOVERNMENT INITIATIVES | DEPARTMENT OVERVIEW

The Government Initiatives Department at Undue Medical Debt leads strategic partnerships with cities, counties, and states to eliminate medical debt for residents burdened by healthcare costs. In 2025, the Government Initiatives Department is focused on expanding its capacity, strengthening operations, and ensuring the successful execution of government-funded debt relief programs.



**\$94M
in Government
Funding**



**Almost \$4.5B
of Debt
Abolished**

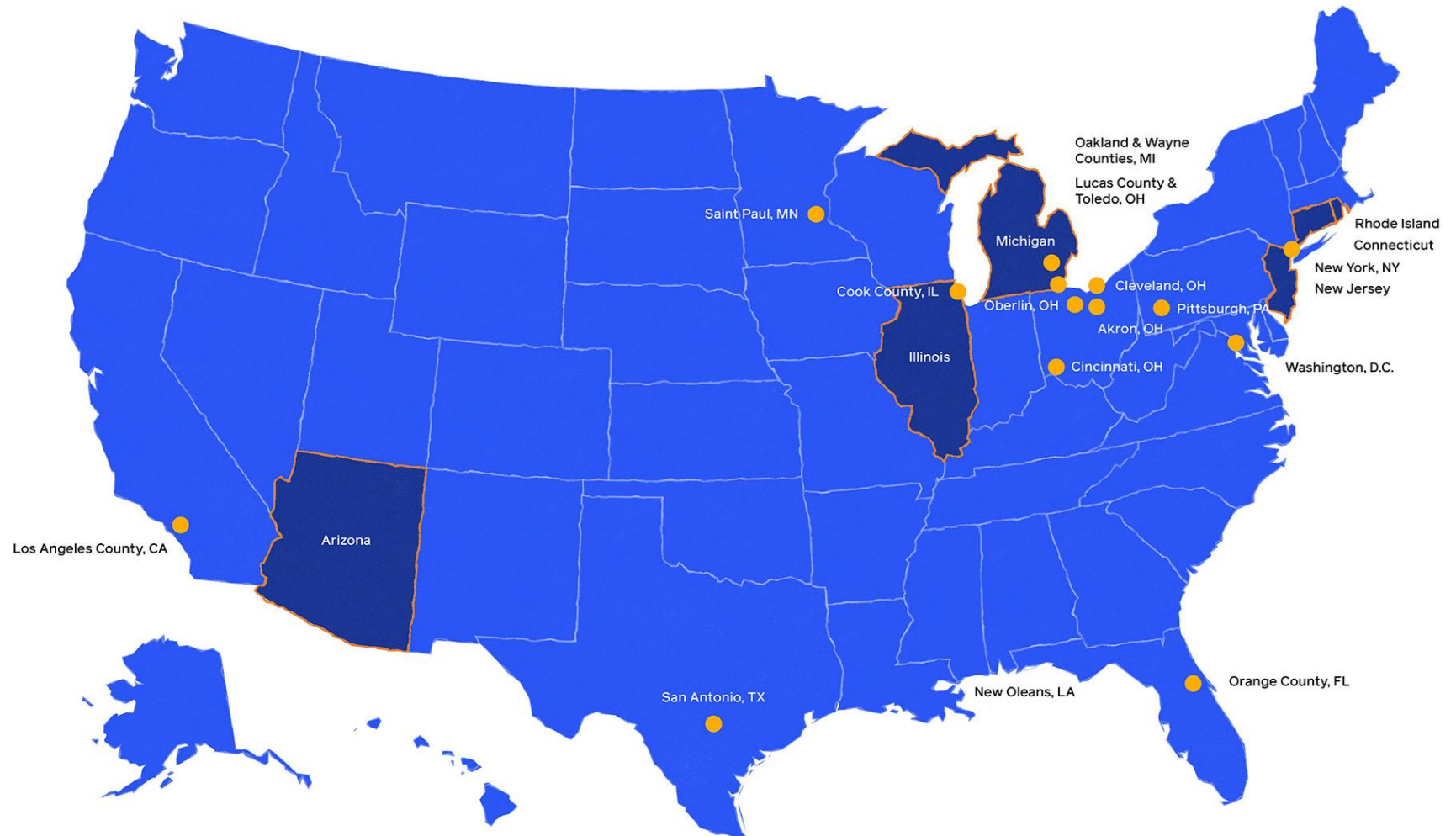


**Over 3.5M
Individuals
Helped**

February 2025

GOVERNMENT INITIATIVES | OUR IMPACT

Starting with Cook County in 2022 and followed soon after by the City of Toledo, Undue is currently working with 25 local and state government partners around the country.



GOVERNMENT PARTNERSHIPS IN THE NEWS

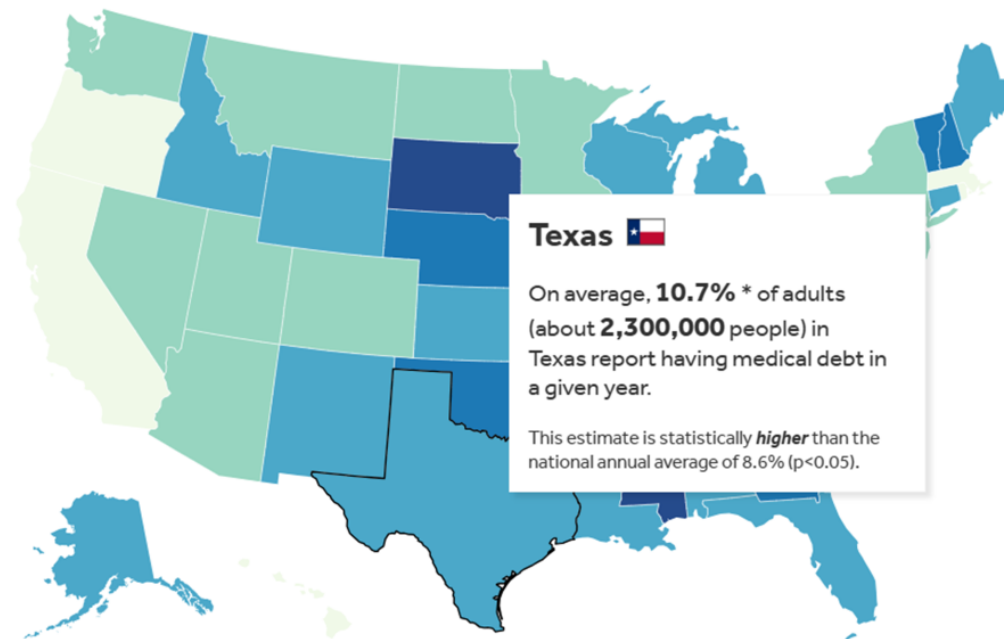
- Mayor Jerry Demmings announced **\$472.5 million** in medical debt has been abolished for over **310,000** residents of Orange County. ([Orange County, FL](#))
- City Council President Blaine A. Griffin announced the abolition of over **\$165 million** in medical debt for more than **160,000 residents**. ([Cleveland, OH](#))
- Councilmember John Courage announced a new partnership between the City of San Antonio and Undue Medical Debt. The initiative will relieve approximately **\$60 million** in medical debt for approximately **45,000 residents**. ([San Antonio, TX](#))
- Treasurer James Diosa announced **\$7 million** in debt abolished for nearly **3,000 residents** of Rhode Island. ([Rhode Island](#))
- Governor JB Pritzker announced the elimination of **\$245 million** in medical debt for an additional **170,000 residents** of Illinois. ([Illinois](#))

MEDICAL DEBT IN TEXAS

Texas has more medical debt, on average, than the national average.

Share of adults who have medical debt, by state, 2019-2021

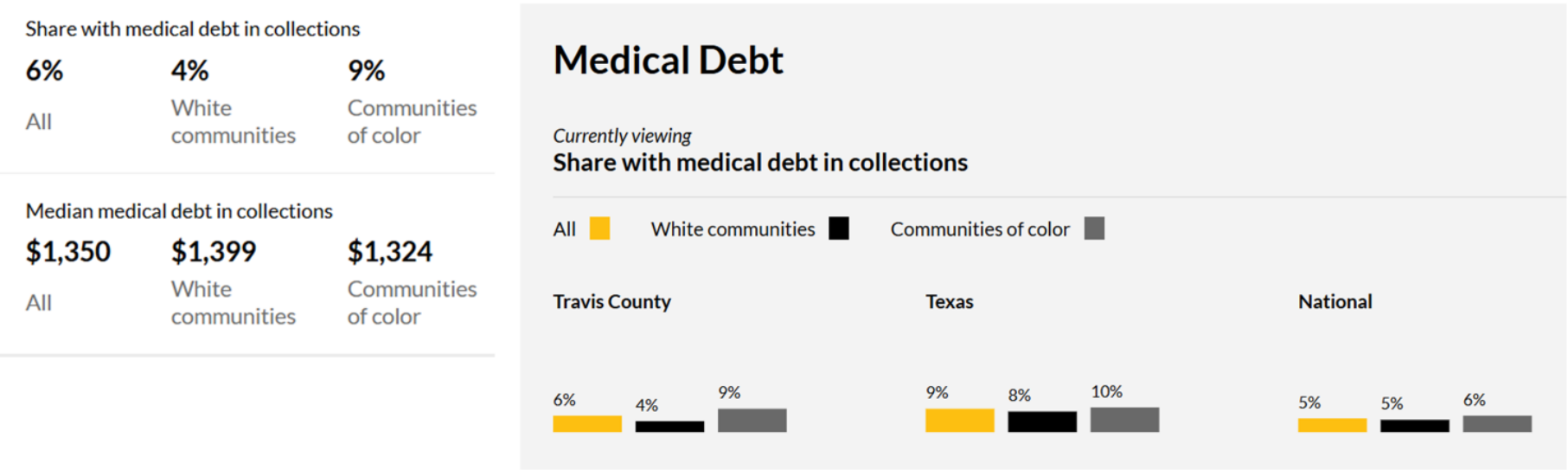
< 5% 5%–8% 8%–11% 11%–14% ≥ 14%



Note: This chart aggregates SIPP data from 2019 through 2021.

MEDICAL DEBT IN TRAVIS COUNTY

Debt in Collections: Travis County



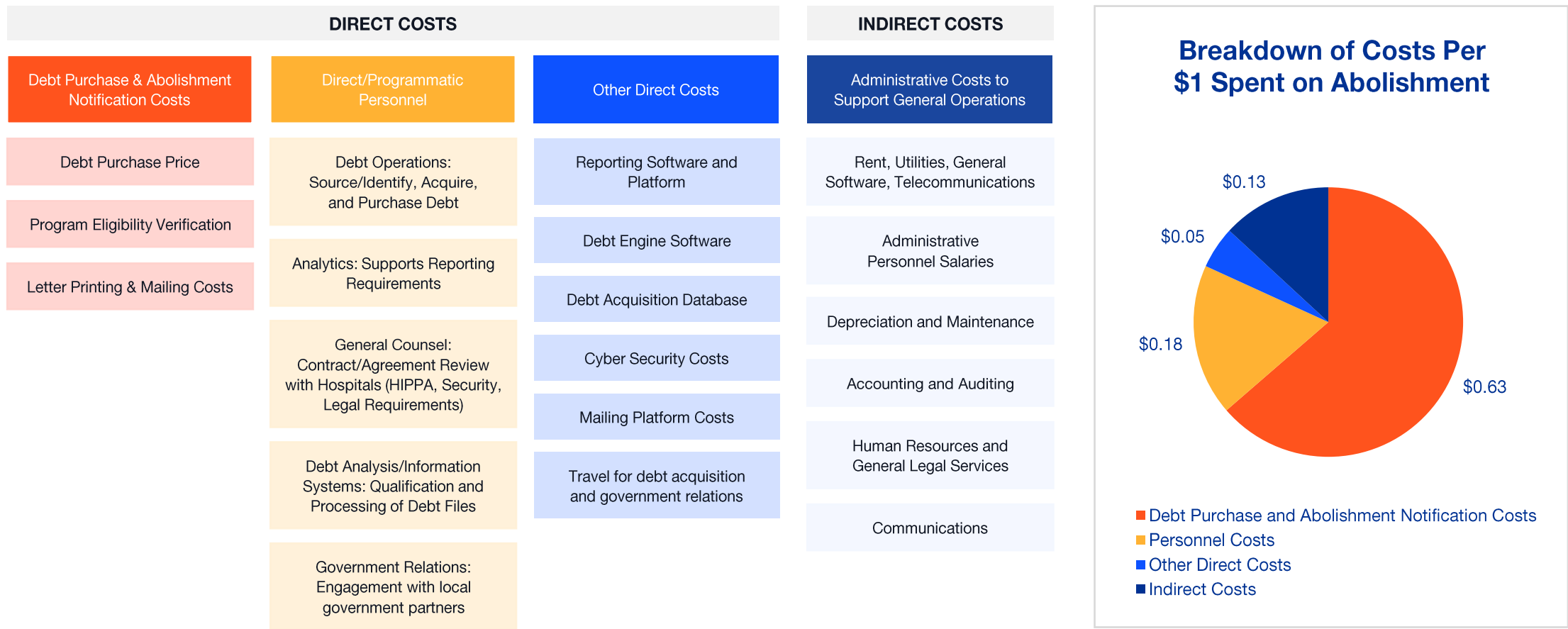
Source: [Urban Institute Debt Map](#). Only includes debt that has moved to collections; does not include all medical debt.

DEBT ABOLISHMENT CYCLE OVERVIEW



UNDERSTANDING THE TOTAL COST OF DEBT ABOLISHMENT

We often say that \$1 in funding can abolish more than \$100 in debt. **This \$1 includes costs other than the direct purchase price of the debt.** Each of these costs are required to ensure a debt is fully abolished and constituents are notified. If debt was reported to credit agencies, partners are required to remove them.



EXAMPLE PROGRAM BUDGET

Undue will work with each government to determine a realistic budget based on best available debt estimates. Below are **sample budgets** that show the amount of funding that will be allocated to direct debt abolishment costs vs Undue’s indirect administrative overhead costs.

\$1M Budget with 15% Indirect Rate

Debt Abolishment Costs	\$869,566
Indirect Costs	\$130,434
Est Face Value of Debt Abolished	\$100,000,000

\$5M Budget with 15% Indirect Rate

Debt Abolishment Costs	\$4,347,826
Indirect Costs	\$652,174
Est Face Value of Debt Abolished	\$500,000,000

As of February 2025, Undue has expended **\$12.5M** in government funds to abolish over **\$2B** in debt for almost **1.5M** individuals.

This means that every **\$1** spent by government partners provided **\$167** in debt abolishment for their constituents through Undue.

UNDERSTANDING INDIRECT COST RATE

- Indirect costs are applied as a percentage of direct costs, not the total budget. Since indirect costs are calculated from direct costs only, the percentage of indirect costs relative to the total budget will always be lower than the stated rate. With a 15% Indirect Cost Rate, the applied percentage relative to the total budget is approximately 13%.
- **Example: Calculating Indirect Costs for a \$1M Budget with a 15% Indirect Cost Rate**
 - Total Budget: Direct Costs (D) + Indirect Costs (I) = \$1,000,000
 - Indirect Cost Rate: 15% of Direct Costs [$I = 0.15 \times D$]
 - Calculation
 - $\$1,000,000 - D = 0.15D$
 - $\$1,000,000 = 1.15D$
 - $\$1,000,000 / 1.15 = D$
 - $D = \$869,566 \quad I = \$130,434$

WORKING WITH UNDUE - GUIDANCE

Our program qualifications cannot be adjusted and we cannot target specific conditions or other criteria

- We help patients that earn at or below 400 percent of the federal poverty level and/or if their medical debt is more than 5 percent of their income. These qualifications are built into our proprietary debt engine that qualifies medical debt for purchase, and we cannot make any additional adjustments.
- While we understand the motivation to help people with chronic illnesses such as cancer, for example, we are unable to isolate these debts. Further, we are committed to helping as many people as possible which is why our criteria is expansive and simple. This guardrail is also true for other targeting requests such as age or immigration status.

We do not share hospital/provider names without permission

- Hospital/provider partners sign a business associates' agreement (BAA) as part of our data sharing process and a non-disclosure agreement (NDA). This means that the health provider determines whether they want to be public in their work to abolish medical debt. In our experience, most hospitals go public.

Government contracts require 3 years minimum

- Since beginning our work in 2021, we have learned that government contracts need time to succeed. In many cases, the first year of work is devoted to building relationships with providers while the second and third years are focused on abolishment of debt. For many hospitals, selling debt is a new experience and they need time to fully understand the process and benefits.

WORKING WITH UNDUE - GUIDANCE

- **Undue Medical Debt does not respond to Requests for Proposal (RFPs)**
 - We are considered a sole-source provider by our government partners as we are the only non-profit operating that purchases and abolishes debt at scale for pennies on the dollar.
- **Our general administrative costs (indirect rate) are set at 15%**
 - The indirect rate is not the same as the administrative costs of abolishing medical debt for your grant. Administrative costs related to abolishing debt include the cost of purchasing debt, qualifying the debt, notification costs, and personnel costs that are doing work exclusively on abolishing debt with your grant.
- **Engaging hospital partners early—with support from government partners—expedites the contracting and debt relief process.**
 - The most time-intensive part of launching medical debt relief initiatives is earning the trust of hospital systems, especially since most do not sell their debt.
 - Government partners play a critical role in encouraging hospital participation and reinforcing that this is a collaborative, patient-centered effort.
 - Leveraging hospital associations, where possible, can also ease introductions and build confidence in the model.
 - Patients often delay or forgo care when they owe medical debt; by relieving that burden, we help restore trust in the healthcare system.