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Governor Phil Murphy

# Governor Murphy Announces Third Round of Medical Debt Elimination, Totaling Over \$26 Million in Debt Abolished for 20,000 New Jerseyans

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*Debt Abolishment From Partnership with Undue Medical Debt Now Totals \$246 Million for More Than 147,000 Residents*

**TRENTON** – As part of the Murphy Administration’s ongoing partnership with Undue Medical Debt, Governor Phil Murphy today announced that over 20,000 New Jersey residents are set to benefit from a third round of medical debt abolishment, totaling over \$26 million. By leveraging approximately \$270,000 in American Rescue Plan funds from the State’s investment in medical debt abolishment, Undue has purchased this debt from the secondary market. Letters to those impacted are currently in the mail and expected to arrive within the next week.

As a result of this partnership, \$246 million in medical debt has been eliminated for 147,000 New Jersey residents so far.

“Medical debt accumulates fast and can be just as debilitating as any diagnosis or injury. It is unacceptable that the threat of taking on debt could be what discourages people from seeking necessary, life-saving care. That is why in New Jersey, we are working to make health care more affordable and accessible, so our residents can put their health and well-being first,” **said Governor Murphy**. “Our partnership with Undue Medical Debt, which has already seen over \$246 million in debt owed by New Jerseyans retired, complements our Administration’s cross-agency efforts to put health care in reach for all New Jersey families. Today’s announcement underscores this continued commitment to create a better, more affordable, and accessible health care system in our state.”

“Medical debt is a burden borne by too many people, when half of U.S. adults say they struggle to pay for health care costs. We know medical debt compounds unequally and disproportionately impacts low-income communities,” **said Health Commissioner Kaitlan Baston, MD, MSc, DFASAM**. “These debt-relief efforts increase economic security, making all New Jerseyans better off. I’m proud of New Jersey and the Murphy Administration for working to wipe out medical debt. And I look forward to [continuing the work of the Office of Health Care Affordability and Transparency through the Department of Health](https://t.e2ma.net/click/fhgeym/nrddit/76ybabb) (<https://t.e2ma.net/click/fhgeym/nrddit/76ybabb>).”

Medical debt abolishment builds on the Governor’s efforts to make health care more affordable and accessible for New Jersey families. Under the Governor’s leadership, the State has also advanced critical protections to safeguard New Jerseyans from falling into medical debt, including the [prohibition of credit reporting for most medical debts](https://t.e2ma.net/click/fhgeym/nrddit/nzzbabb) (<https://t.e2ma.net/click/fhgeym/nrddit/nzzbabb>). New Jersey is a leading state in consumer protection policies and

supports for residents, being one of only five states (<https://t.e2ma.net/click/fhgeym/nrddit/3r0babb>) in the nation that both prohibits medical debt reporting to credit agencies and has allocated funding to provide residents with direct medical debt relief.

These efforts are complemented by additional consumer-focused policies (<https://t.e2ma.net/click/fhgeym/nrddit/jk1babb>) that advance prescription drug affordability, including caps on out-of-pocket costs for insulin and asthma inhalers; innovative reforms promoting transparency in the pharmaceutical supply chain; and necessary oversight of pharmaceutical benefits management companies.

“This wave of medical debt relief builds on positive momentum in the state of New Jersey to unburden residents from millions of dollars in unpayable medical debt,” **shares Undue Medical Debt CEO and president Allison Sesso**. “Debt sourced from the secondary market is often from physicians’ groups and collection agencies, meaning this relief will be complimentary to the medical debts recently erased in partnership with the Atlantic Health hospital system. We look forward to the continued success of this program and helping families make ends meet and access necessary healthcare.”

There is no application process for medical debt relief. Undue purchases large, bundled portfolios of past-due medical debt belonging to those least able to pay for pennies on the dollar. Instead of trying to collect, Undue erases the debt.

Those who qualify for medical debt relief are either at or below 400% of the federal poverty line or have medical debts that equal 5% or more of their annual income. These are the only criteria for relief. For this round of debt abolishment, Undue purchased medical debts that qualify for erasure from the secondary debt market. This is a one-time abolishment to help remove the financial and emotional burden of unpayable medical debts. Medical debt relief is source-based, depending on community-minded providers like hospitals and secondary market partners like collection agencies who choose to engage.

Those benefiting from medical debt relief will receive an Undue branded letter in the mail. Learn more about Undue [here](https://t.e2ma.net/click/fhgeym/nrddit/zc2babb) (<https://t.e2ma.net/click/fhgeym/nrddit/zc2babb>).

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