

Smart Strategies for Managing Medical Bills & Debt



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Prosper Centers

At the Prosper Centers, our mission is to provide expertise, support, and resources that expand access and opportunities for all to thrive.

ProsperCenters.org



Key Factors Driving Medical Debt¹

- Insufficient Insurance Coverage
- Unpredictability of Medical Emergencies
- High Out-of-Pocket Expenses





We will discuss helping clients:

1. Avoid medical debt with health coverage

Including Marketplace health insurance and state public benefits

2. Address medical bills

Before and after medical services

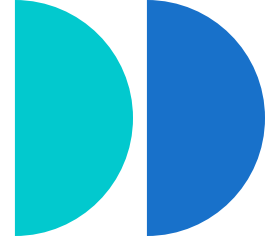
3. Apply for Charity Care

Presentation by Longhorns Crushing Medical Debt

4. Address medical collections

With a focus on their effect on credit scores





Avoid Medical Debt with Health Coverage

The Affordable Care Act

In 2010, the Patient Protection and Affordable Care Act (ACA) was enacted to *expand health coverage*, control health care costs, and improve the health care delivery system.

The ACA improved financial outcomes of the newly insured by reducing their reliance on expensive sources of credit such as payday loans and fringe banks.²

The Affordable Care Act

The Coverage Gap: In states such as Texas, where Medicaid eligibility was not expanded, families and individuals who earn above the income limit for Medicaid, but below the minimum income for Marketplace subsidies fall in the coverage gap and have no way to pay for health coverage.

A family of 3 with an annual income between about \$9,000 and \$24,000 falls in the coverage gap.

Texas in 2026

Close to 4.2 million Texans enrolled in an Affordable Care Act (ACA) plan for 2026. That total exceeds Texas' 2025 enrollment by more than 200,000 enrollees year-over-year.

In a year defined by contraction elsewhere, Texas posted the largest numerical gain in the country and one of the highest percentage gains. That is due, in large part, to bipartisan state-level regulation to optimize consumer value.³

Legislative Changes

2025 Marketplace Integrity and Affordability Final Rule⁴

- Open Enrollment Period shortened (11/1-12/15)
- Special Enrollment Period for households with income under 150% of the Federal Poverty Level (FPL) is discontinued
- DACA recipients are ineligible for Marketplace health insurance
- Consumers must file taxes and reconcile Premium Tax Credit (PTC) every year to continue to be eligible for PTC
- Income documentation required within 90 days of enrollment if electronic sources indicate income is below 100% FPL or can't be verified
- Consumers with a \$0 premium will be re-enrolled with a \$5 premium until they confirm or update their information

Legislative Changes

One Big Beautiful Bill Act⁵

- PTC repayment caps are eliminated – households that underestimate their income will have to repay the full amount of excess PTC when they file taxes
- Subsidies for lawfully present residents with income under 100% FPL are eliminated
- Bronze and Catastrophic plans meet the definition of High-Deductible Health Plan, making them qualify for Health Savings Accounts

Legislative Changes

Enhanced PTC expired at the end of 2025, making the cost of coverage higher for consumers making over 400% FPL (\$124,800 for a family of 4)

Messaging in the media was that insurance would be unaffordable for all without enhanced subsidies

Prosper Health Coverage



- CMS Certified Application Counselors
- Help anyone in Texas enroll or troubleshoot Marketplace health insurance
- In-person (in Central Texas) and phone appointments available year-round
- Visit ProsperHealthCoverage.org or call 512-381-4520

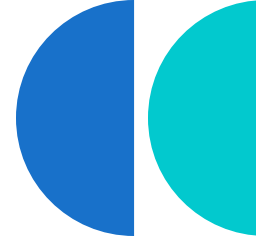
Visit the CMS [Find Local Help](#) tool to find assister organizations across the country

Prosper Benefits Assistance

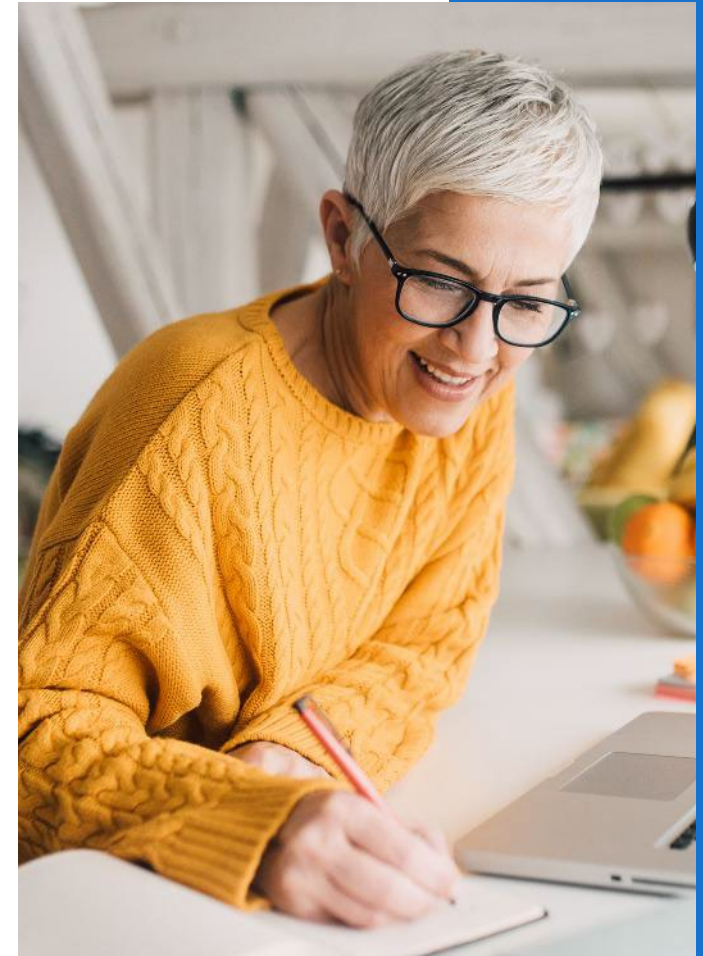


- Texas HHS Community Partner Program – Level 3 Partner
- Help applying for CHIP, Medicaid and Texas Healthy Women through the Your Texas Benefits portal
- Available year-round *in-person only (in Central Texas)*
- Visit foundcom.org/benefits-assistance or call 737-249-6394

Visit the [Texas Community Partner Program](https://foundcom.org/benefits-assistance) web site to find
CPP partners in your area



Address Medical Bills



Ways to address medical expenses

- Request a payment plan (and expect to be referred to a third-party product)
- Review bills and dispute charges or appeal insurance denials
- Offer a lump sum settlement (reduced amount as payment in full)
- If eligible, apply for Medicaid

Request a Payment Plan

Most medical providers are not in the business of bill management. When you request a payment plan from your medical provider, they may:

- Set up a limited payment plan for you (broken down to two or three payments)
 - If the service has not been performed, payments are often due before the service is performed
- Refer you to a third-party medical credit card or medical financing plan

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 - If the service has not been performed, payments are often due before the service is performed

👉 Recommended option, if available.

- Refer you to a third-party medical credit card medical financing plan

👉 Warning: sometimes these are presented as if they're the medical provider's payment plan.

Beware of Medical Credit Cards



Misleading promotional APRs

Promotional APRs, as low as 0%, do not apply unless you pay the full balance within the promotional period – as little as 6 months.



Higher APRs than standard Credit Cards

According to the CFPB, the average APR on a standard credit card is 22.16% and 26.99% on a medical credit card.



You give up your right to dispute charges

Once your medical bill is paid with a medical credit card, you can no longer dispute charges or insurance denials.

Beware of Medical Financing Plans



Complicated terms

Some have variable APRs, deferred interest, processing fees, and other varying fees and payment schedules.



Like with credit cards, you give up your right to dispute charges

Once your medical bill is paid with a medical financing plan, you can no longer dispute charges or insurance denials.

Examples

Medical Credit Cards

- Care Credit
- Wells Fargo Health Advantage
- The Healthcare Spending Card
- Alphaeon Credit Card

Medical Financing Plans

- Cherry
- PatientFi

These should be the last option after exploring an interest free payment plan directly with the medical provider.

Review bills and dispute charges or appeal insurance denials

With insurance or without, you may have medical bills, be sure to review them closely.

- Review your summary bill
- Request and review your itemized bill
- Dispute charges
- Appeal insurance denials

The No Surprises Act⁶

Emergency Services: Bans out-of-network providers from billing patients more than the in-network cost-sharing amount for emergency care provided at hospitals and air ambulances.

In-Network Facility Care: Prohibits out-of-network providers from balance billing patients for ancillary services (e.g., anesthesiology, radiology, pathology) at in-network facilities

Good Faith Estimates: Uninsured or self-pay patients are entitled to receive a "good faith estimate" of costs in writing for scheduled medical items or services.

Review Your Summary Bill

Medical providers will automatically send out a summary bill, which will include:

- Amount of money you owe
- When it is due
- How to pay it

It will not, however, give you much information about what exactly you are paying for.

For example, this bill has a line that simply says "Pharmacy."

As a consumer, you have the right to know what pharmacy items you are paying \$60k for.

SUMMARY OF INPATIENT SERVICES	
Description	Amount
Audiology	\$206.00
Blood	600.00
Cardiology	2,182.86
Laboratory	31,784.26
Pharmacy	60,637.25
Professional or Physician Fee	662.15
Pulmonary Services	9,057.35
Radiology	9,353.10
Respiratory Therapy	67,092.55
Room and Care	428,733.00
Therapy Services	99.95
Total Patient Services	\$610,408.47

Source: Retiree News <https://retireenews.org/2021/05/06/surprise-medical-bills-are-coming-to-an-end/>

Request your itemized bill.

Providers must give you an itemized bill if you ask for it, but *you have to ask for it.*

This example shows the actual medication and dosage in the pharmacy section.

Itemization of Hospital Services					
REV CODE	DATE	HCPS	UNITS	DESCRIPTION	AMOUNT
0121 - ROOM AND CARE					
	10/09/25		1	Room and Care	\$ 4,722.01
				Subtotal:	\$ 4,722.01
0250 - PHARMACY					
	10/09/25	0J3490	1	ROCURONIUM 10 MG INJ	\$ 883.45
				Subtotal:	\$ 883.45
0259 - DRGS/OTHER					
	10/09/25	00000	1	PROPRANOLOL 10MG TAB	\$ 43.60
	10/10/25	00000	1	MAG OXIDE 400MG TAB	\$ 3.73
				Subtotal:	\$ 47.33
0272 - STERILE SUPPLIES					
	10/09/25	00000	2	STAPLER ROBTC 45MM	\$ 4,984.56
	10/09/25	00000	1	ELECTRODE ESURG PNCL 10'	\$ 50.31
	10/09/25	00000	1	TRAY CATH LBRCTH 16FR 2L	\$ 119.91
	10/09/25	00000	1	KIT CLOSURE GRASP GUIDE	\$ 164.91
	10/09/25	00000	2	SEALER VESSEL EXTEND	\$ 6,772.50
	10/09/25	00000	1	TUBE SINGLE LUMEN FLTRD	\$ 178.26
				Subtotal:	\$ 12,270.45
0278 - SUPPLY/IMPLANTS					
	10/09/25	00000	1	RELOAD STPLR 45MM	\$ 796.11
				Subtotal:	\$ 796.11
0301 - LAB/CHEMISTRY					
	10/09/25	080307	1	DRUG SCR ANY NBR PER DOS	\$ 2,501.90
	10/09/25	083735	1	MAGNESIUM BLD	\$ 1,465.74
	10/09/25	084439	1	T4 FREE	\$ 154.08
	10/09/25	084443	1	TSH	\$ 3,335.81
	10/09/25	083690	1	LIPASE	\$ 2,041.40
	10/09/25	083605	1	LACTIC ACID	\$ 1,322.53
	10/09/25	084702	1	HCG BETA QUANTITATIVE	\$ 1,274.38
	10/09/25	080053	1	COMP METABOLIC PANEL	\$ 2,981.08

Review Your Itemized Bill

As many as 80% of medical bills contain errors⁷

Make Sure You Actually Received Everything on the Bill: It's common to be billed for something that your doctor ordered but was cancelled for a number of reasons.

Look for Duplicate Charges: Some duplicate charges will be obvious, others may be hidden. For items labeled "tray" or a "pack", make sure you know what is included and that you were not billed for those items separately.

Review Your Itemized Bill

Check for Inflated Charges: Medical care is expensive. However, you do not have to pay inflated charges.

CMS is proposing updates to disclosure requirements to make health care prices clear, accurate, and actionable.

Until then, [FAIR Health Consumer](#) and [Clear Health Costs](#) are free resources that allow you to see average prices for a variety of medical services in your area.

Review Your Itemized Bill

Compare against your Explanation of Benefits: Your insurer's EOB shows what was billed, what they paid, and what you owe. Discrepancies between the EOB and the provider's bill indicate errors. Don't pay until they match.

Verify the math: Add the itemized charges yourself. Confirm that insurance payments were credited.

Ask questions: If you're not sure of what an item is (or several), you can contact the provider's billing department and question it.

Dispute Charges

If you find:

- Charges for items or services that you did not receive
- Duplicate charges
- Inflated charges
- Math errors

Dispute them with the billing department and ask them to send you an updated itemized bill.

Appeal Insurance Denials

If you think your insurance company has incorrectly denied coverage, you should appeal the denial.

The billing department or the insurer could make a mistake and incorrectly code procedures and coverages.

Appeal Insurance Denials

Under the ACA, your insurer must reach a decision about an appeal within a specified time frame.⁸

- If you already received the treatment: 60 days
- If you have yet to receive the treatment: 30 days
- If you are appealing a claim for an urgent care facility: 72 hours.

You can request an expedited appeal if the process timeline would jeopardize your life or ability to regain maximum function.

Offer a Lump Sum Settlement

A Lump Sum Settlement is a reduced amount accepted as payment in full. This option gives cash to the provider immediately,

- protecting them against the risk that you might not pay in the future
- saving them the cost of managing your payments

Tips:

- Only offer what you can realistically pay, and don't agree to pay more than that
- Ask more than once, you may get a different answer on a different day with a different agent

Offer a Lump Sum Settlement

Note that with the wide availability of medical credit cards and financing plans, medical providers may not accept a reduced amount from you when they can get the full amount from a credit card or financing plan.

Apply for Medicaid

Low-income Texans may qualify for Medicaid to cover their medical expenses.⁹

Retroactive Coverage: If clients are approved for Medicaid, they may be eligible for coverage during the 3-month period before the month they applied.

Low-Income Texans who suffer a serious medical emergency may also qualify for **Emergency Medicaid** if they are uninsured and meet the income limits.

Apply for Charity Care

Presentation by:

Nitya Jagarlamudi

Longhorns Crushing Medical Debt



Address Medical Collections

Medical Collections and Credit¹⁰

- The latest FICO credit scoring model gives less weight to unpaid medical collections than to other collections.
- It also ignores collection accounts if the original unpaid balance was less than \$100.
- In addition, all three major credit scoring agencies will remove medical debt from your credit history once it is paid off by an insurer.

Medical Collections and Credit

However...

Different banks and lenders use different credit scoring models. When you apply for a car loan, mortgage or credit card, you won't know exactly which credit scoring model the lender is checking, so you have no idea how heavily medical debt is weighted when determining your creditworthiness.

Addressing Medical Collections



Prioritize multiple medical collections



Settle with collection companies

Prioritize Multiple Medical Collections

If multiple medical bills are in collections after a complex medical procedure or a visit to an emergency facility, the following considerations will help you ensure that you have the most positive outcome.

Prioritize Multiple Medical Collections

Credit Score implications

The older a collection account is, the smaller its negative effect on the credit score is.

After seven years, the debt is removed from your credit report.

We recommend working on the newest debts first, which will have the most positive effect on your credit score.



Prioritize Multiple Medical Collections

Most medical providers do not report to the credit bureaus.

If they do, then you may have two negative marks on your credit report for the same debt, one for the medical provider and one for the collection agency.

We recommend you dispute them as duplicates with the three major credit bureaus, Equifax, Experian and TransUnion.



Prioritize Multiple Medical Collections

Legal implications

The **Statute of Limitations**, is the length of time that a creditor or collector can sue you for unpaid debts.

In Texas, the statute of limitations is 4 years from the *date of the last payment*.

If the creditor is taking legal action against you, seek legal help.



Offer a Lump Sum Settlement

- A Lump Sum Settlement is a reduced amount accepted as payment in full.
- Just like the original provider, collectors are interested in a deal that gets them as much money upfront as possible.
- Keep in mind that their willingness to do this may differ depending on who they represent.



Offer a Lump Sum Settlement

Tax Implications¹¹:

In general, any amount of debt that is cancelled, forgiven or discharged is taxable and you must report it as income on your tax return. The creditor may send you a form 1099-C.



Prosper Financial Wellness



- Financial Coaches have completed Credit as an Asset training from the Credit Builders Alliance
- Help with creating plans to increase savings, improve credit and reduce debt, including medical debt
- In-person (in Central Texas) and virtual appointments available year-round
- Visit ProsperFinancialWellness.org or call 737-717-4000

Contact RAISE Texas to find Financial Coaches in your area



FOUNDATION COMMUNITIES
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Thank You

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