



Northwest Justice Project

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# ABOUT NJP

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- Washington's largest publicly funded legal aid program.
- Providing free critical civil legal assistance to eligible low-income people out of 21 offices statewide.
- Working to secure justice through high-quality legal advocacy that promotes the long-term well-being of low-income individuals, families, and communities.
- Pursuing our mission through legal advice and representation, community partnerships, and education to empower clients and combat injustice in all its forms.

# Debt Collection & Medical Debt

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- How we get medical debt clients – statewide and King Co
- NJP primarily serves clients with household incomes of 0-200% of the federal poverty level (a HH of 1 = max gross monthly income of \$2430 / a HH of 4 = max gross monthly income of \$5000)
- Medical debt has been the most persistent debt problem our low income clients face since we opened our King County Debt Collection Defense Clinic in 2011
- If the client's medical debt is Charity Care-eligible hospital debt, there's a lot we can do to assist:
  - Pursuant to WA's Charity Care laws, we can stop all collection activity -- including lawsuits -- to allow the client to apply for Charity Care, which, once awarded, results in the lawsuit being dismissed

# Debt Collection & Medical Debt (cont.)

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- If the debt is **not** Charity Care-eligible, and not covered by Medicaid, this presents BIG problems for our low-income clients:
  - Many of our clients earn over 138% of FPL and don't qualify for Medicaid. They tend to be underinsured with private insurance that has high cost sharing. When balance billing occurs with ground ambulance bills that can be \$1000-\$2000 and higher, our clients are unable to afford to pay this bill.
  - The Statute of Limitations on medical debt is generally 6 years; debt collectors can hold debt right up until the end of that time period before they sue.
  - Medical debt of over \$500 remains on a credit report for 7 years, ensuring the client gets worse credit or loan terms, such as higher interest rates on a car loan, or makes qualifying for rental housing that much harder
  - If the client is sued for non-Charity Care-eligible medical debt for which there is no defense, a judgment will get entered at 9% interest. The judgment can last up to **20** years @ 9% interest.
  - If a judgment creditor chooses to then collect on its judgment via a wage garnishment to the client's employer, our clients can get up to 20% of their limited wages garnished from every paycheck, with \$300 of debt collection attorney's fees being added to the debt every 60 days each time the garnishment is renewed, which extends the life of the garnishment

# Debt Collection & Medical Debt (cont.)

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- Low-wage workers can also face having their bank accounts wiped out of all but \$1000 if the judgment creditor chooses to collect via a bank account garnishment – for which the debtor gets no notice. Bank garnishments are particularly destabilizing, as access to the money in the account can be completely cut off for weeks, which jeopardizes the ability to pay rent and other necessities which can lead to housing instability and homelessness
- Adding to this debt nightmare is the fact that if a debt collector is collecting on public debt, a provision in the WA Collection Agency Act allows the collector to charge the debtor **a fee of up to 50% of the principal** of the bill – for no additional work being done.
- As of 2019, bench warrants for medical debt can no longer be requested by collection attorneys for a judgment debtor's failure to show up at the Supplemental Proceedings calendar
- All of this debt and involuntary collection causes significant stress, worse health outcomes, and can cause families to have to go bankrupt – and worse yet, avoid medical care in the future

# How To Access Our Services

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## Statewide

- CLEAR: 1 (888) 201-1014
- CLEAR Senior: 1 (888) 387-7111
- Eviction Prevention: 1 (855) 657-8387
- Foreclosure: 1 (800) 606-4819
- Online Application: [www.nwjustice.org](http://www.nwjustice.org)

## King County

- Front Desk: (206) 464-1519