

Partnering with Hospitals to Relieve Patient Medical Debt: A National Nonprofit Perspective (Undue Medical Debt)

Core Problem: How can health systems partner with nonprofit organizations to relieve existing medical debt while identifying opportunities to prevent future financial harm?

Background

Undue Medical Debt (“Undue”) is a nonprofit organization focused on ending medical debt and allowing people to seek care without fear of financial ruin. The organization addresses medical debt through two complementary strategies: providing immediate relief to patients experiencing medical debt and working with health care organizations and other partners to identify opportunities to reduce the creation of future debt. Undue’s work is grounded in the recognition that medical debt affects patients beyond the balance owed. Leaders described fear as a central challenge: patients may delay or avoid care, hesitate to ask about affordability, or disengage from the health system because they are worried about financial consequences.

Through its debt acquisition model, Undue partners with hospitals, health systems, physician groups, ambulance providers, and other health care organizations to acquire and relieve eligible medical debt accounts. Undue acquires accounts directly from health care providers and, in some cases, from collection agencies that have previously purchased medical debt. Patients whose debt is relieved receive notification that their debt has been eliminated and are not required to take any additional action, though they’re invited to share their experiences after receiving relief.

Beyond providing direct relief, Undue works with health care organizations to better understand patterns among unpaid accounts and identify opportunities to strengthen financial assistance practices and the broader patient financial journey. These efforts may include improving identification of patients eligible for financial assistance, expanding use of presumptive eligibility for financial assistance, reducing administrative barriers, and strengthening communication about available resources.

Although Undue’s model offers opportunities to address existing medical debt and inform future improvements, health systems may differ in their readiness to pursue debt relief depending on organizational priorities, available resources, existing policies governing patient accounts, and leadership perspectives on how charitable debt relief aligns with broader financial and community benefit strategies.

For health systems, a partnership with Undue can serve as both an immediate intervention to support patients experiencing medical debt and an opportunity to gain insights into how existing financial practices may be improved. Undue recognizes that health systems are not the sole cause of medical debt; rather, they are operating within a complex health care financing environment where patients are increasingly responsible for significant portions of their health care costs. Several contextual factors shape the challenges health systems face in addressing medical debt, including rising patient financial responsibility, fragmented billing processes, and persistent barriers to identifying and connecting eligible patients with financial assistance. Undue works alongside organizations to address the impact of existing medical debt while supporting efforts to prevent future harm. **Table 5** summarizes key contextual factors that influence health systems’ approaches to medical debt and financial assistance and describes how partnership with Undue may help address persistent gaps and barriers.

Table 5. Contextual Factors Shaping Health System Partnership With Undue Medical Debt

Health System Perspective	Patient Perspective	Potential Role of Partnership
Accounts have completed the collection process and are financially written off.	Medical debt continues to affect financial stability, stress, and decisions about seeking care.	Debt relief addresses harms that persist long after organizational collection efforts have ended.
Revenue cycle focuses on recovering balances and complying with financial policies.	Patients often struggle to navigate insurance complexity and financial assistance while seeking care.	Partnership with Undue can help identify opportunities to improve the patient financial journey and reduce barriers to assistance.
Organizations operate within significant financial and operational constraints.	Patients increasingly bear a growing share of health care costs despite having insurance.	Debt relief complements, not replaces, broader affordability and financial assistance strategies.
Multiple departments and contracted entities manage different parts of billing.	Patients frequently receive separate bills from hospitals, physician groups, ambulance providers, and other entities involved in a single episode of care.	Undue can help identify fragmentation and opportunities to create a more coordinated financial experience.
Health systems may view bad debt as unavoidable.	Patients may continue avoiding care because of unresolved medical debt or fear of future bills.	Relieving debt and improving affordability practices can help strengthen trust and encourage patients to return for needed care.

Understanding these broader contextual factors helps explain why health systems may seek partnerships with organizations like Undue. **Table 6** describes the health system journey for partnering with Undue, including key decision points, implementation steps, and opportunities for organizational learning and refinement.

Table 6. Health System Journey for Partnering With Undue Medical Debt

Recognizing That Medical Debt's Impact Extends Beyond the Billing and Collection Processes	Recognize that medical debt often continues to affect patients long after health systems have classified accounts as bad debt or ceased collection efforts. Consider how relieving existing debt and improving financial assistance processes can strengthen patient trust, reduce barriers to care, and complement broader affordability strategies.
Decision Point 1: Determining Whether a Debt Relief Partnership Fits the Organization's Goals	Assess whether partnering with Undue aligns with organizational priorities related to mission, community benefit, patient experience, financial stewardship, and reducing the long-term impact of medical debt. Consider how debt relief could complement existing efforts to improve financial assistance and strengthen the patient financial journey.
Decision Point 2: Sharing Transaction Information Across Relevant Areas	Once a debt relief transaction occurs, Undue shares insights, opportunities, and patient stories with revenue cycle and other organizational leaders, including executive leadership and leaders of community benefit and other patient-facing departments.
Implementation: What Does a Partnership With Undue Look Like?	The health care provider executes the legal and data-sharing agreements and securely transfers eligible account information. Undue then identifies qualifying patients using income estimation tools and provides debt relief. Account analyses are used to identify opportunities to strengthen financial assistance, reduce fragmentation, and improve patient financial workflows. Organizations may choose to establish repeat partnerships with Undue to review additional account cohorts, monitor trends over time, and evaluate the impact of workflow or policy changes.
Organizational Learning and Refinement	Use patient stories, survey findings, and account-level analyses to identify opportunities for continuous improvement. Findings can inform financial assistance policies, strengthen presumptive eligibility for financial assistance, improve coordination across billing entities, and ensure clinicians, community partners, and other patient-facing staff consistently communicate available affordability resources. Partnerships may also strengthen organizational culture by reinforcing a shared commitment to reducing financial barriers to care and improving patient trust.

Recognizing That Medical Debt's Impact Extends Beyond the Billing and Collection Processes

From a health system's financial perspective, patient accounts that have gone through the collection process and are no longer actively pursued may appear resolved. However, for patients, the impact of medical debt often continues long after an account has left the organization's active financial operations.

This distinction is central to Undue's approach. The organization recognizes that debt relief can address an immediate burden for patients while also helping health systems better understand why accounts are entering bad debt in the first place. By reviewing patterns among unpaid accounts, health systems can identify opportunities to strengthen financial assistance processes, improve use of presumptive eligibility for financial assistance, reduce administrative barriers, and ensure that patients are connected with available resources earlier in the care journey.

Why Health Systems Partner With Undue

Undue's model begins from the premise that medical debt continues to affect patients long after health systems have classified accounts as bad debt or ended collection efforts. By partnering with health systems to retire eligible debt through a charitable third party, Undue addresses an ongoing burden for patients while creating an opportunity for organizations to better understand how those accounts entered bad debt and where future financial harm may be prevented. Health systems may consider partnering with Undue Medical Debt when they want to:

- Provide direct financial relief to patients experiencing medical debt
- Address older accounts that are unlikely to be collected
- Strengthen relationships with their communities
- Better understand why patients are entering bad debt
- Identify opportunities to improve financial assistance workflows

Leadership emphasizes that debt relief is not intended to replace broader affordability solutions. Rather, it provides one mechanism for addressing existing harm while generating information that can support longer-term improvements. The following case example describes Undue Medical Debt's partnership model, including how health care organizations can work with Undue to provide medical debt relief, better understand patient financial experiences, and identify opportunities to prevent future medical debt.

DECISION POINT 1: DETERMINING WHETHER A DEBT RELIEF PARTNERSHIP FITS THE ORGANIZATION'S GOALS

For health system leaders considering a partnership, an early question is how debt relief aligns with organizational priorities. Potential considerations include:

- **Mission and community benefit goals:** Many nonprofit and public health systems view medical debt relief as aligned with their mission to improve community health and reduce barriers to care.
- **Patient trust and experience:** Providing relief can demonstrate responsiveness to patient concerns and communicate that the organization recognizes the burden medical costs create.
- **Financial and operational considerations:** Health systems may have significant volumes of patient accounts that are unlikely to generate revenue and partnering with Undue provides an opportunity to redirect those accounts toward patient benefit.
- **Broader affordability strategies:** Debt relief can complement other efforts, including:
 - improving financial assistance enrollment
 - implementing presumptive eligibility for financial assistance
 - strengthening affordability conversations
 - reducing fragmentation across billing entities
- **Organizational readiness and competing priorities:** Charitable debt relief partnerships are a relatively new and unfamiliar model for many health care organizations. Because Undue's work is unique, organizations may not have encountered this type of partnership before and may have questions about legal considerations, data sharing, or how it fits within existing revenue cycle and board policies. Undue offers guidance on these points, and once questions are answered, organizations can determine whether a partnership fits their needs.

DECISION POINT 2: SHARING TRANSACTION INFORMATION ACROSS RELEVANT AREAS

Some health care providers partner with Undue with involvement solely from the revenue cycle team. While this keeps the process simple, it can mean the organization isn't taking full advantage of the work, for example, by missing opportunities to connect debt relief with community benefit reporting or broader financial assistance efforts.

Areas where the work may connect include:

- **Revenue cycle and finance leaders:** Revenue cycle teams are often the primary operational partners because they manage patient accounts and understand existing billing processes.
- **Executive leaders:** CEO and senior leadership support can help address questions related to mission alignment and organizational priorities.
- **Community benefit and population health teams:** These teams can help connect debt relief efforts to broader community needs and organizational goals.

Patient-Facing Staff as Trusted Messengers

Health systems can strengthen the impact of debt relief efforts by ensuring that clinicians, care teams, registration staff, social workers, community health workers, and other patient-facing staff understand available financial assistance resources and know how to connect patients with support. Financial concerns often emerge throughout the care journey, not only during billing or collections, so responsibility for communicating resources cannot rest solely with revenue cycle teams.

Undue also noted that clinicians and community partners can serve as trusted messengers who help patients understand that debt relief programs are legitimate and that support is available. This is particularly important because some patients may initially question whether debt relief notifications are real or may feel hesitant to seek assistance due to stigma or uncertainty.

Building stronger connections across revenue cycle, clinical, and community-facing teams can help health systems move from viewing financial assistance as a separate administrative function to integrating affordability support into the broader patient experience.

Implementation: What Does a Partnership With Undue Look Like?

Step 1: Establishing the Partnership and Data-Sharing Process

Once a health system decides to move forward with a partnership, the health system works with Undue to establish the legal, operational, and data-sharing processes needed to securely share eligible accounts and provide debt relief. Because many health systems have not previously partnered with a charitable organization to acquire and eliminate medical debt, the initial phase often involves addressing questions related to compliance, cybersecurity, and internal roles.

Key Activities

- Establishing legal agreements, including a Business Associate Agreement (BAA), to allow secure sharing of protected health information;
- Confirming cybersecurity requirements and data protections, and;
- Sharing files of bad debt accounts with Undue for analysis and qualification.

Undue notes that many health systems already produce similar account files for collection agencies, allowing organizations to build on existing reporting processes rather than creating entirely new workflows. The information needed to assess eligible accounts typically includes basic account details, such as patient information needed for income estimation, outstanding balance, and date of service. By leveraging existing reporting processes, health systems can often provide the necessary information without creating an entirely new workflow.

Some electronic health record (EHR) companies have already developed ways for organizations to generate the specific report needed to share eligible accounts with Undue, so many health systems may already have documentation or reporting resources available that can simplify the data extraction process. The availability of these resources varies across organizations, and some health systems may need to develop or adapt reporting workflows to support implementation.

Friction Points

Some organizations have existing policies that prohibit selling patient accounts because those policies were created with traditional debt collection in mind. In these cases, health systems may need to review or adapt governance processes to account for a charitable debt relief model. Undue works with organizations to address these concerns based on experience partnering with a range of health care organizations.

Step 2: Identifying Eligible Accounts

After establishing the partnership and data-sharing process, health systems provide Undue with information about eligible patient accounts. These are typically accounts that have already gone through the organization's collection process and are no longer actively pursued. While the health system may consider these accounts uncollectible, they can continue to create significant financial and emotional burdens for patients.

Undue reviews the accounts using third-party income estimation tools to identify patients who meet program eligibility criteria, generally individuals with incomes at or below 400% FPL. These tools allow Undue to assess eligibility without requiring patients to complete additional financial assistance applications. Undue noted that a large proportion of unpaid accounts reviewed through this process meet eligibility criteria, reflecting that patients who are unable to pay medical bills are often experiencing financial hardship.

Health systems may provide accounts to Undue through a purchase arrangement or donate accounts directly. Some organizations choose to donate accounts because it simplifies the administrative process. When accounts are purchased, pricing is based primarily on the age of the debt, with older accounts generally costing less. Undue accepts accounts up to seven years old. For health systems, this may provide some financial return on accounts that have already been reserved as unlikely to be collected while allowing those accounts to be converted into direct patient relief.

Undue can also analyze account data to help health systems better understand patterns among unpaid accounts. For example, organizations may examine differences across locations, changes following billing system transitions, or whether patients who may have qualified for financial assistance were missed earlier in the financial assistance process.

Step 3: Providing Medical Debt Relief to Patients

Once Undue acquires eligible accounts, the organization notifies patients that their medical debt has been eliminated. The notification informs patients that their debt has been cleared and that they do not need to complete an application, make a payment, or take any additional action. Because Undue provides relief as a charitable organization and disinterested third party, patients do not have tax obligations associated with the relieved debt.

The simplicity of this process is intentional. Many patients experiencing medical debt are already navigating significant stress and may face barriers to completing additional paperwork or requesting assistance. By eliminating the need for an application or verification process, Undue's model reduces administrative burden for patients while providing immediate relief.

Undue also recognizes that communication and trust are critical components of debt relief. Patients may initially question whether the notification is legitimate, particularly in a low-trust environment where people are accustomed to receiving bills, collection notices, and requests for payment. Undue works to build awareness of the program so patients understand that the debt relief is real and can feel confident accepting the support.

Patients are invited, but not required, to share their experiences after receiving relief. Through surveys, interviews, and patient stories, Undue gathers information about how medical debt has affected individuals and families, including impacts on stress, financial stability, and willingness to seek future care. These insights help health systems better understand the impact of medical debt within their communities and reinforce the importance of addressing financial barriers as part of patient care.

Organizational Learning and Refinement

Beyond providing medical debt relief, Undue works with health systems to analyze patterns among unpaid accounts and identify opportunities to strengthen financial assistance practices and the broader patient financial journey. These confidential conversations are intended to be collaborative rather than evaluative. Undue does not serve as an auditor; instead, the organization works with health systems to understand what their account data may reveal about where patients are experiencing barriers and where processes can be improved. Even within a collaborative partnership, reviewing account-level data may surface findings that are difficult for organizations to address. Analyses may identify patients who appeared eligible for financial assistance but were not connected to available resources, variation in medical debt across facilities or service lines, or workflow changes associated with increases in unpaid accounts. Addressing these findings often requires organizations to revisit established operational processes, coordinate across departments, and consider changes that extend beyond the initial debt relief partnership.

Depending on an organization's goals, Undue can provide customized analyses to help health systems answer questions such as:

- **Are certain locations, service lines, or patient populations generating higher volumes of unpaid accounts?** Health systems may use account-level insights to understand variation across facilities or departments and identify areas where additional support or process improvements may be needed.
- **Are patients who may qualify for financial assistance being identified and connected to resources?** Undue frequently sees accounts that may have qualified for financial assistance but were not identified before entering bad debt. Reviewing these patterns can help organizations assess whether presumptive eligibility for financial assistance and screening processes are functioning effectively
- **Did changes to billing systems, workflows, or organizational processes affect patient financial outcomes?** Some health systems use repeated partnerships with Undue to compare trends over time, such as changes before and after implementing new billing systems or financial assistance processes.
- **Are physician or contracted provider accounts included in financial assistance efforts?** Undue highlighted fragmentation across health care organizations as a recurring challenge. Patients may receive care in a hospital setting but receive separate bills from clinicians who are not included in the hospital's financial assistance policy. Reviewing account data can help organizations identify where patients may be receiving inconsistent support.

These analyses can help health systems better understand why patients are entering medical debt, identify opportunities to improve the patient financial journey, and strengthen how financial assistance resources are communicated and delivered across the organization.

Translating Insights Into Patient-Facing Improvements

Findings from account analyses may also highlight opportunities to strengthen how affordability resources are communicated throughout the patient experience. As discussed earlier, improving access to financial assistance requires engagement beyond revenue cycle teams alone. Organizations may use these insights to strengthen referral pathways and ensure patients are connected with available resources earlier in the care journey.

Establishing an Ongoing Partnership

While some organizations partner with Undue to address a single batch of accounts, others establish ongoing relationships that allow them to evaluate trends over time and assess whether changes to financial assistance processes or billing workflows influence patterns of medical debt. Because legal agreements and operational processes are often already established, subsequent partnerships may require less administrative coordination than the initial implementation.

Measuring Impact

Health systems may evaluate partnership impact through multiple measures.

- Patient-level outcomes
 - Undue collects patient feedback through surveys, interviews, and stories, which describe reduced stress associated with medical debt, increased willingness to return for needed care, and a greater sense of dignity, relief, and support following debt relief.
- Operational insights
 - Health systems may use partnership analyses to refine financial assistance processes, identify missed opportunities for presumptive eligibility for financial assistance, and better understand patient accounts entering bad debt.
- Community impact
 - Debt relief can also serve as a tangible demonstration of a health system's commitment to supporting patients, strengthening community relationships, and addressing the financial barriers that can affect access to care.
 - Health systems may also assess whether debt relief efforts improve awareness of available resources and strengthen trust by communicating clearly with patients and community partners about affordability support.

Although debt relief can address the burden of existing medical debt for eligible patients, leaders emphasized that charitable debt relief alone cannot resolve the broader structural factors contributing to medical debt. Partnerships are intended to complement, not replace, ongoing efforts to improve affordability, financial assistance, and the patient financial experience.

Lessons for Other Nonprofits or Health Systems

Undue emphasized, “Medical debt relief is not the end of the story; rather, it is a window into the patient financial experience. The accounts themselves often reveal important opportunities to reduce financial barriers, strengthen assistance programs, and prevent future debt before it occurs.

Debt relief is a simple entry point to addressing patients' financial stress. Organizations often assume medical debt relief requires a major operational undertaking, but in many cases the process builds on workflows and data that already exist. The most successful partnerships are those that view debt relief not only as a way to address existing harm, but also as an opportunity to better understand where patients are struggling and how the patient financial experience can be improved.”



Resources for Additional Information

[Advisory Opinion 20-04](#): Guidance on the legality of charitable organizations purchasing and forgiving qualifying patients' unpaid medical debt.