



Drowning In Medical Debt? State AGs Can Bring Relief.

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State AGs As Medical Debt Advocates

Did you know that state attorneys general (state AGs) can step in to protect their communities from the crushing challenges of medical debt—sometimes even helping to erase it? Medical debt may not get as much attention as the [affordable housing crisis](#), but a [recent survey](#) shows most U.S. adults now worry more about unexpected medical bills and healthcare costs than about paying rent or their mortgage. Given that overdue medical bills are the most [common type of debt](#) to end up in collections, they have good reason to be concerned.

State AGs can't singlehandedly solve the underlying [systemic issues](#)—such as unaffordable health coverage, high out-of-pocket costs, and [unfair insurance practices](#)—that fuel the widespread medical debt crisis in this country. But that's not stopping some from leveraging their legal power and authority to safeguard their communities from the far-reaching, often life-altering consequences of medical debt.

Some of the vital strategies state AGs are using to protect the public from the damaging effects of medical debt include:

- Investigating hospitals for failing to comply with charity care requirements aimed at protecting patients who can't afford care and obtaining legal commitments from hospitals to improve and expand access to financial assistance.
- Securing medical debt forgiveness, cancellation, and refunds in cases involving unlawful behavior by healthcare providers.
- Establishing a helpline to support residents in resolving medical billing and insurance disputes, such as wrongfully denied and inaccurately processed claims.
- Holding companies accountable for illegal and aggressive debt collection practices.
- Championing bills that close critical federal gaps—such as laws that prohibit medical debt from appearing in credit reports.

- Educating residents about their rights and empowering them with legal assistance.

Why Having Health Insurance Isn't Enough

When it comes to staying healthy, too many U.S. households face a stark choice: get the medical care they and their families need to recover from a dangerous accident or illness, or risk losing everything they have. Over 65% of personal bankruptcy applicants list medical bills as the primary reason—making medical debt [the driving force](#) behind these filings.

Don't count on health insurance to protect you from these financial risks. An [Urban Institute study](#) found that 63% of adults with past-due medical bills incurred them while insured. Experts also [report](#) that insured patients may now account for most of the unpaid debts owed to American hospitals.

Though seemingly counterintuitive, this trend partly reflects the [rise](#) in [denied claims](#) for treatment and prescription medications. It also stems from [growing](#), prohibitive out-of-pocket healthcare costs—like high deductibles that force families to pay thousands on top of premiums before coverage kicks in and cost-sharing requirements that leave patients responsible for a large share of the bill.

Nearly [60% of Americans](#) can't afford a \$1,000 medical emergency. Yet, according to a KFF survey, the [average in-network deductible](#) for workers with single coverage and a general annual deductible was \$1,787 in 2024, compared to just \$584 in 2006.

In other words, it's not only the estimated [8% of uninsured people](#) in the U.S.—a figure that's still too high and [slated to grow](#) after recent unprecedented [Medicaid cuts](#)—who need to worry. While uninsured people are among those [most burdened](#) by medical debt, so are many others representing nearly every corner of society. These include:

- Parents of children under age 18
- Younger adults (ages 18-34)
- Pre-retirement adults (ages 50-64)
- Adults living in rural areas
- Communities of color
- [Middle-class](#) Americans
- [Women](#) and others requiring more frequent health care
- People managing chronic illness or [cancer](#)
- Individuals with [extensive dental care needs](#)

As this list illustrates, the medical debt crisis cuts across different backgrounds and circumstances, burdening Americans at nearly every stage of life. Almost no group is immune to its financial toll or other devastating real-life consequences.

Medical Debt Often Affects Far More Than Finances

Medical debt doesn't just [further deplete](#) already strained household budgets—it often compromises people's health and wellbeing. A [2023 survey](#) found that many U.S. adults with medical debt and those without the means to pay medical bills are delaying or avoiding necessary care or prescription drugs.

Some patients are even [denied care](#) by healthcare providers because they have medical debt. These cost-driven denials and [delays](#) lead to worsening health conditions, reduced survival rates, preventable complications, and more costly treatments—entrapping people in a [downward spiral](#) of mounting medical debt and poor health.

Beyond financial ruin and negative health outcomes, the [hardships](#) associated with medical debt can include:

- Debt collection [pressures](#)
- Garnished wages
- Limited access to financial services
- Lost employment opportunities
- Working double shifts while recovering
- Housing [insecurity](#)
- Extended [homelessness](#)
- Delaying college or buying a home
- Being forced out of retirement

Navigating these stressors can lead to [increased anxiety and depression](#). Alarming, research has found that people with medical debt are [five times more likely](#) to forgo mental health treatment—simply because it's too expensive.

6 Ways State AGs Advocate For Households With Medical Debt

Here are six key ways some state AGs are advocating for the [millions](#) of individuals and their families struggling with medical debt challenges.

1. Making Sure Hospitals Comply With Charity Care Requirements:

Most adults under 65 with medical debt [owe some or all of it](#) to hospitals. Nonprofit hospitals, the largest category of hospitals nationwide, are supposed to provide community benefits in

exchange for their tax-exempt status. Historically, they did this by offering charity care to low-income individuals in need of treatment.

But as [regulations](#) have loosened, many nonprofit hospitals now create barriers to financial assistance, deny care to those with medical debt, and engage in aggressive collection practices. Some state AGs are refusing to let this unjust, exploitative conduct go unchecked.

As a result of a [state AG](#) investigation, the Mayo Clinic, a major nonprofit hospital, entered into a settlement—agreeing to simplify its charity care application process and limit debt collection lawsuits against patients to extraordinary circumstances. In a separate case, following negotiations with a state AG, another large hospital [committed](#) to strengthening its charity care policies and taking concrete steps to help ensure that patients with unpaid bills are aware of the assistance available to them.

State AGs have also intervened in cases where state law [requires](#) for-profit hospitals to provide care to indigent patients and offer written financial assistance policies to the public. In 2024, [New Mexico AG Raúl Torrez](#) announced that he was launching an investigation into Memorial Medical Center (MMC), a for-profit hospital located in the state’s second largest city.

AG Torrez’ office received reports that MMC denied care to cancer patients and demanded full payment from uninsured or Medicaid-eligible individuals instead of screening them for financial assistance. Some patients were allegedly left with no choice other than to seek treatment for their urgent condition in cities located hours away. AG Torrez pledged a thorough investigation, stating that MMC’s actions, if proven, may have violated several state laws.

State AG oversight plays a vital role in addressing the medical debt crisis. By leveraging their authority to investigate and negotiate on behalf of the public, AGs can help ensure that hospitals uphold charity care and financial assistance policies designed to protect patients from crippling medical debt and lack of access to critical medical services.

2. Securing Medical Debt Cancellation And Refunds For Wrongful Charges:

Healthcare providers can be complicit in the medical debt crisis when they deliberately violate financial assistance laws or knowingly bill patients for services that are legally required to be free. Some state AGs are working to ensure healthcare providers don’t get away with blatantly and unlawfully saddling patients with medical debt.

One standout case involves an action filed by the [Washington State AG’s office](#) against Providence, a leading multistate healthcare provider. The AG alleged that Providence trained staff to disregard financial screening requirements and took other steps to deceive patients—who they knew likely qualified for free or reduced-cost health care—into believing they had no option but to pay out of pocket.

Last year, in the largest resolution of its kind, Providence agreed to forgive more than \$137 million in medical debt and provide over \$20 million in direct refunds and interest to affected patients. This settlement underscores how state AGs can hold major healthcare providers accountable—while delivering justice to vulnerable individuals in the form of debt relief and financial compensation.

3. Supporting Consumers With Medical Billing Disputes Through Helpline:

Millions of Americans pay health insurance premiums every month, only to wrestle with costly [claim denials](#), improper charges, and other difficulties that cause significant stress and endanger their well-being. Overwhelmed by the [complexity](#) of the process, only a fraction of insured individuals with denied claims ever file a formal appeal—an outcome some say is by design. According to one [survey](#), most people simply don't know who to call for help.

New York AG Letitia James has been working to change that reality by supporting frustrated residents through the state's [Health Care Helpline](#). Her office [encourages](#) anyone struggling with coverage denials or other health plan issues to reach out for support. In 2023 and 2024, the helpline assisted thousands of New Yorkers and helped secure [millions in medical debt relief](#) through reversed denials, corrected claims, reinstated coverage, and more. It's a prime example of how state AGs can leverage their resources to help residents avoid unfair and unnecessary medical debt caused by problematic insurer practices.

4. Holding Debt Collection Companies Accountable For Unlawful Practices:

Imagine surviving a health emergency only to be threatened with arrest and imprisonment over unpaid medical bills. In 2020, the [Massachusetts AG's office](#) investigated an ambulance company over allegations that it knowingly allowed its lawyer to routinely make these kinds of illegal threats. Many of the targeted individuals were low-income and non-native English speakers who were dealing with major medical conditions.

Following the AG's investigation, the company agreed to cancel nearly \$1.6 million in medical debt—including amounts owed based on legal judgments—and pay \$50,000 in restitution. The settlement also required the company to help repair the credit of consumers who faced lawsuits and to submit annual reports demonstrating compliance with debt collection laws for three years.

Other [state AGs](#) have successfully sued companies for failing to provide legally required financial assistance and disclosure information in collection letters. When state AGs enforce consumer protection laws related to medical debt, they help shield their communities from the burden of illegal and aggressive collection tactics.

5. Championing Medical Debt Legislation That Closes Critical Federal Gaps:

Some state AGs aren't just relying on their [oversight](#) and enforcement powers to challenge harmful practices related to medical debt—they're also [co-drafting](#) and [pushing](#) for new laws that close critical federal gaps. In 2023, [Colorado AG Phil Weiser](#) supported legislation to provide stronger protections for residents overwhelmed by medical bills, including capping interest rates on medical debt and pausing collections during patient appeals.

More recently, [California AG Rob Bonta](#) sponsored a state bill, signed into law in 2025, that bans most forms of medical debt from appearing in credit reports. Now, Californians—[unlike many other Americans](#)—no longer need to live in fear that a major, typically unforeseeable medical issue will ruin their credit and compromise their ability to find employment, rent housing, or qualify for a loan. A life-changing difference made possible, in part, by the leadership of their state AG.

6. Providing Legal Assistance And Education for Patients With Medical Debt:

Continuing to strengthen medical debt laws is crucial, but so is empowering the public to benefit from them. When people don't know or understand their rights, it becomes much easier for healthcare providers, insurers, and debt collectors to violate them. One major challenge is that many individuals with medical debt can't afford legal advice. Some state AGs are taking meaningful steps to remove this barrier.

Earlier this year, [Minnesota AG Keith Ellison](#) made key details about new legal protections involving medical debt available online. He also held a free legal clinic, offering community members the opportunity to meet individually with an attorney for guidance. This case exemplifies how state AGs can use public outreach and education to help ensure that households struggling with medical debt know their rights and how to exercise them.

The Leadership Center for Attorney General Studies is a non-partisan organization dedicated to educating the public about the important role state attorneys general play in addressing pressing issues, enforcing laws, and bringing about change.