

United States Senate

WASHINGTON, DC 20510

June 23, 2025

The Honorable John Thune
Majority Leader
United States Senate
Washington, DC 20515

The Honorable Mike Johnson
Speaker of the House
US House of Representatives
Washington, DC 20515

Dear Leader Thune and Speaker Johnson,

In May, Republicans in the U.S. House of Representatives passed a reconciliation package that, if enacted, will impose the largest cuts to health care in U.S. history, slashing funding for Medicaid and the Affordable Care Act by more than \$1 trillion and triggering more than \$500 billion in Medicare cuts. Taken together, Republicans' cuts to Medicaid and the Affordable Care Act will lead to 16 million people in the U.S. losing health insurance coverage. Legislative text released by the Senate goes even further, with even deeper health care cuts. We and others in our caucus have written to you previously to convey the broad impacts that these cuts will have on patient health, hospital availability, and health care costs. But today, we write to bring to your attention the impact these cuts will have on household medical debt.

Medical debt affects 100 million people in the U.S., amounting to \$269 billion in unpaid medical bills. This is a problem that affects people of all backgrounds and classes. People living with chronic conditions or complex health needs experience accumulations in medical bills that increase their medical debt. Middle class families, who are less likely to forego necessary care due to cost concerns than lower-income families, have the highest rates of medical debt.¹ Working-class people with lower incomes who face small or unexpected medical expenses can also feel the crippling effects of medical debt. While many Americans experience the pain of medical debt, it disproportionately impacts Black and Hispanic people, in addition to people in states that have not expanded Medicaid, people living in rural areas, and people living in the South.²

All of this has dire consequences: families live with the anxiety of being unable to pay off that debt; individuals delay or forego needed care; families cut back on basic necessities like food and other household items; and some take on additional debts.

According to a recent Gallup survey, 31 million Americans report having to borrow nearly \$74 billion between 2023 and 2024 to pay for health care, and 58 percent of Americans

¹ Kendall, David et al. "Medical Debt Continues to Hammer the Middle Class." Third Way, 19 March 2024, <https://www.thirdway.org/memo/medical-debt-continues-to-hammer-the-middle-class#:~:text=Middle%2Dclass%20families%20are%20more,all%20because%20of%20the%20cost>.

² Lopes, Lunna et al. "Health Care Debt in The U.S.: The Broad Consequences of Medical and Dental Bills." KFF, 16 June 2022, www.kff.org/report-section/kff-health-care-debt-survey-main-findings/; Rakshit, Shameek et al. "The Burden of Medical Debt in the United States." KFF, 12 Feb. 2022, <https://www.kff.org/health-costs/issue-brief/the-burden-of-medical-debt-in-the-united-states/>.

believe they would experience medical debt if faced with a health event.³ All of which would be exacerbated by the proposed health care cuts.

The impact is significant to individuals and to our economy. Medical debt makes it more difficult for individuals to accumulate good credit and access stable housing. Survey data indicates that more than a third of adults with medical debt report negative credit score impacts, and some report losing their homes through foreclosure or eviction as a result.⁴ In addition, medical debt decreases consumer spending, which would hinder economic growth, at a time when economists estimate a 40 percent probability the U.S. enters a recession in 2025.⁵

Medical debt is a complex problem, but having health insurance coverage makes a measurable difference. For example, Medicaid coverage reduces medical debt rates by 13.3 percentage points.⁶ And accordingly, uninsured individuals are more likely to have medical debt than insured individuals.⁷

A new analysis from the think tank Third Way, examined how the cuts Republicans have proposed will affect the rates and gross amounts of medical debt that Americans will face.⁸ The results are staggering, and their findings show that the health care cuts in the reconciliation bill would:

- Push 5.4 million more people into medical debt, including 2.2 million people on Medicaid and 3.2 million people with coverage through the ACA Marketplaces.
- Increase the total amount of medical debt owed across the nation by \$50 billion—a 15% jump.

In addition, at the state level, states could see anywhere from 7,500 to 771,000 more households with medical debt, with the highest impacts in Florida, Texas, North Carolina, and Ohio. At the state level, the report finds that:

- In Florida, over 770,000 more people would face household medical debt, totaling over \$7.2 billion.
- In Texas, over 660,000 more people would face household medical debt, totaling over \$6.2 billion.

³ Maese, Ellyn et al. “Americans Borrow Estimated \$74 Billion for Medical Bills in 2024” Gallup, 5 March 2025, <https://news.gallup.com/poll/657041/americans-borrow-estimated-billion-medical-bills-2024.aspx>

⁴ Lopes, Luna et al. “Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills” KFF, 16 June 2022, <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>

⁵ Duggan, Wayne “Recession 2025: What to Watch and How to Prepare” U.S. News, 11 June 2025, <https://money.usnews.com/investing/articles/recession-2025-what-to-watch-how-to-prepare#:~:text=JPMorgan%20estimates%20recession%20probability%20at,U.S.%20GDP%20growth%20in%202022>

⁶ Baicker, Katherine et al. “The Oregon Experiment — Effects of Medicaid on Clinical Outcomes.” The New England Journal of Medicine, 2 May 2013, www.nejm.org/doi/full/10.1056/NEJMsa1212321#t04.

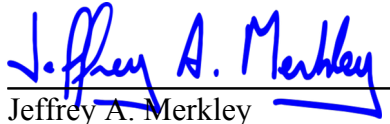
⁷ Lopes, Lunna et al. “Health Care Debt in The U.S.: The Broad Consequences of Medical and Dental Bills.” KFF, 16 June 2022, www.kff.org/report-section/kff-health-care-debt-survey-main-findings/; Rakshit, Shameek et al. “The Burden of Medical Debt in the United States.” KFF, 12 Feb. 2022, <https://www.kff.org/health-costs/issue-brief/the-burden-of-medical-debt-in-the-united-states/>.

⁸ Kendall, David et al. “GOP Health Care Cuts: A Recipe for Medical Debt Disaster” Third Way, 17 June 2025, <https://www.thirdway.org/memo/gop-health-care-cuts-a-recipe-for-medical-debt-disaster>

- In North Carolina, over 237,000 would face people with household medical debt, totaling over \$2.2 billion.
- In Ohio, nearly 150,000 people would face household medical debt, totaling nearly \$1.4 billion.

Addressing medical debt is a national priority with bipartisan support in states across the country.⁹ States have taken action – 16 states have canceled or are in the process of canceling medical debt or prohibiting medical debt from credit reporting, including North Carolina, which has incentivized hospitals to not report medical debt to credit reporting agencies.¹⁰ However, if the Republican reconciliation bill passes these drastic health care cuts into law, working class families across America risk going further into medical debt. We urge you to reconsider your position. It is not too late to stop these cuts. Billionaire tax breaks are not worth the cost to American lives and livelihoods.

Sincerely,



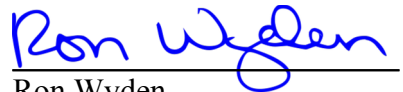
Jeffrey A. Merkley
United States Senator
Ranking Member, Committee
on Budget



Cory A. Booker
United States Senator



Charles E. Schumer
United States Senator



Ron Wyden
United States Senator
Ranking Member, Committee
on Finance

⁹ Levey, Noam “Even Political Rivals Agree That Medical Debt Is an Urgent Issue” KFF Health News, 7 October 2024, <https://kffhealthnews.org/news/article/medical-debt-bipartisan-issue-urgent/>

¹⁰ Monaghan, Jordan “ CMS Approves North Carolina’s Medial Debt Relief Incentive Program” Office of Governor Josh Stein, 29 July 2024, <https://governor.nc.gov/news/press-releases/2024/07/29/cms-approves-north-carolinas-medical-debt-relief-incentive-program>.; Howard, Heather et al. “Mapping State Efforts to Address Medical Debt” State Health & Value Strategies, 16 May 2024, <https://shvs.org/mapping-state-efforts-to-address-medical-debt/>