

# Office of Financial Empowerment Highlights

**October 4, 2023**



**SAINT PAUL**  
**MINNESOTA**

[STPAUL.GOV](http://STPAUL.GOV)



## 2024 Budget Request

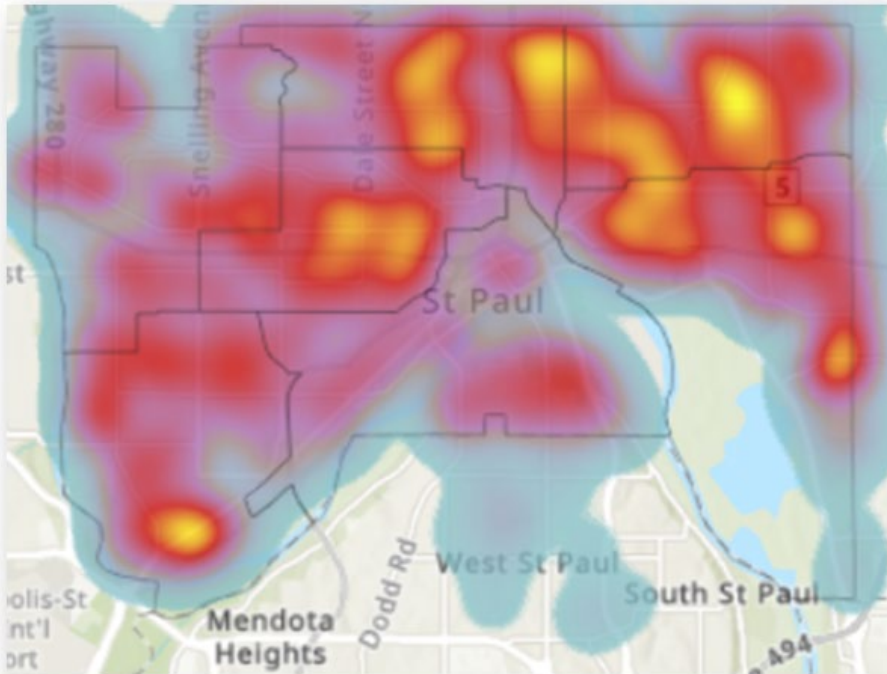
- Mayor's Budget did not request additional general funds for OFE in his 2024 proposed budget
- Today
  - ARPA investments
    - CollegeBound Boost
    - LOCAL Fund
  - Medical Debt Reset Initiative



# 12,000+ babies enrolled in

**CollegeBound**  
**SAINT PAUL**

*Pathways for Every Child, Family and Future.*



**Total Savings**  
**\$2,100,000+**  
**Including Seeds, Bonuses &  
Family's Savings**

**Largest Single Account**  
**\$6,500**

**First CollegeBound children will enter  
PreK in fall 2024**



# CollegeBound Boost

Demonstration to test providing CollegeBound Families with:



## Guaranteed Income

**\$500** a month  
x 24 months

## Asset Building

**\$1,000** in  
quarterly  
CollegeBound  
deposits

## Eligibility

### Residency

Current Resident of Saint Paul

### Income Eligibility

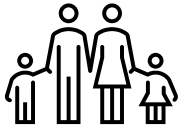
At or below 300% of federal poverty guideline



Saint Paul families with child born on or after January 1, 2020

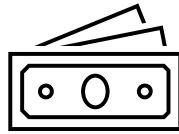


# CollegeBound Boost Targets



**Group  
1**

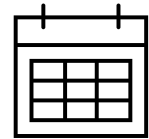
**333  
Families**



**\$500  
Per  
Month**



**\$1000  
CollegeBound Deposits**



**24  
Months**

**Group  
2**

**334  
Families**

**\$1000  
CollegeBound Deposits**

**12  
Months**

**Control  
Group**

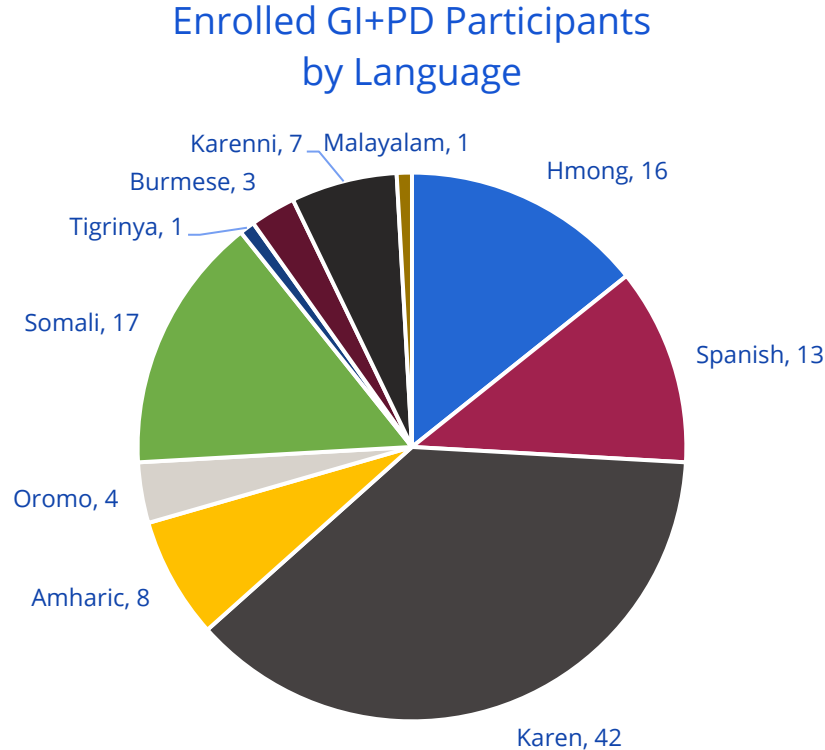
**333  
Families**

**\$50 + Bonuses  
CollegeBound Deposits**



# CollegeBound Boost Final Enrollment

	Targets	Enrolled	Additional Siblings
Guaranteed Income + Deposits	333	333	68
Progressive Deposits	334	349	39
Control Group	333	358	
Total	1,000	1,039	107



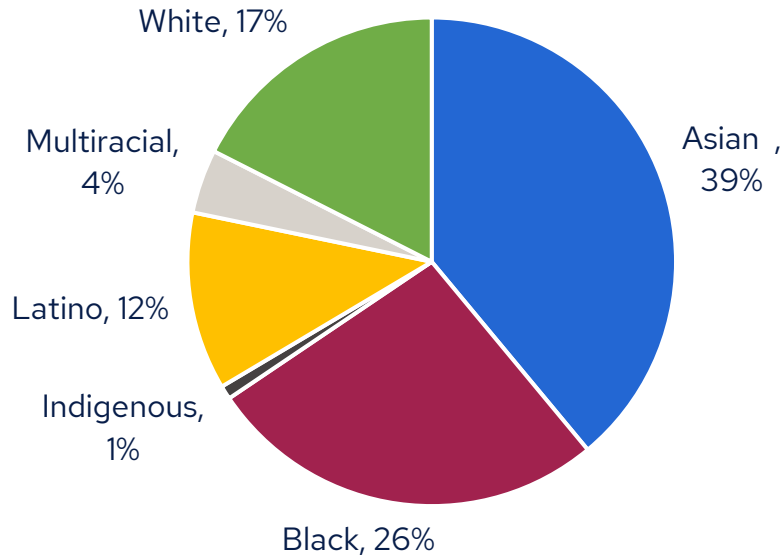
**1583**  
**individuals**

952 children, 631 adults

**34%**  
**of Participants enrolled  
in a language other than  
English**



## Race & Ethnicity, CollegeBound Boost Guaranteed Income+Progressive Deposits



## Detailed Cultural Communities

Community	Number	Percent
Hmong	52	16%
Karen	54	16%
Karenni	12	4%
Other Asian	11	3%
Black	44	13%
Somali	28	8%
Ethiopian	8	2%
Oromo	4	1%
Other African	4	1%
Indigenous	3	1%
Mexican	19	6%
Latino	15	5%
Salvadoran	5	2%
Multiracial	14	4%
White	58	17%

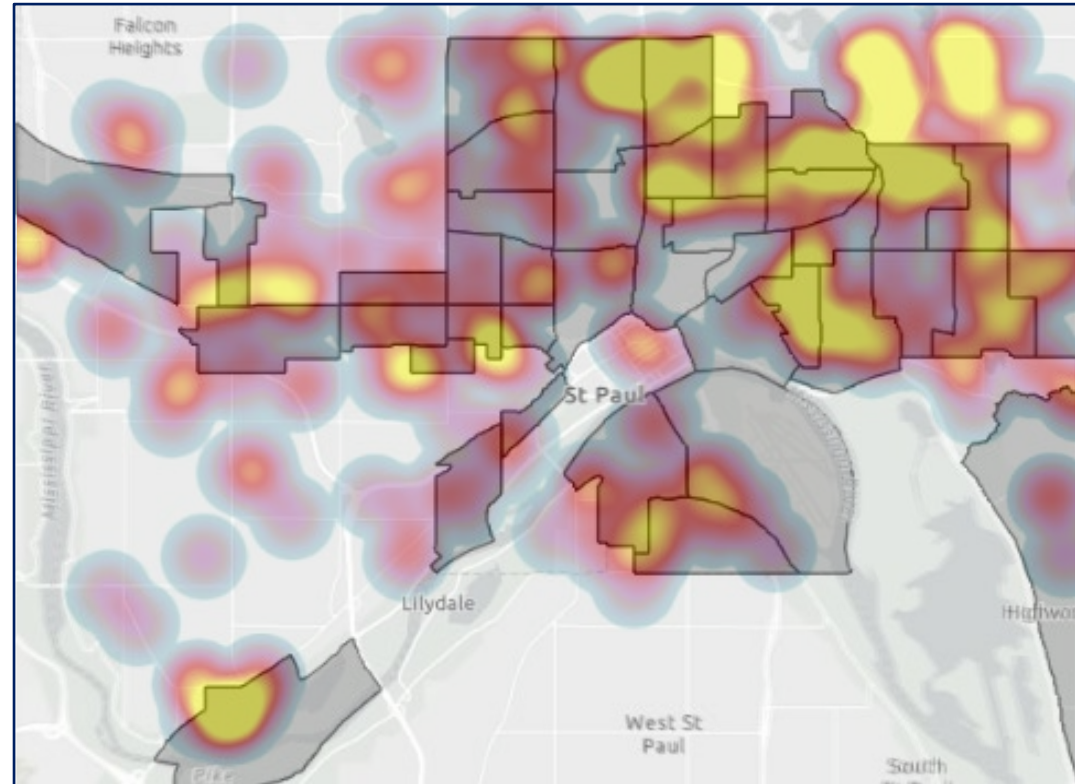




## Geography

### By Zip Code

55101	4	1%
55102	13	4%
55103	17	5%
55104	39	12%
55105	5	2%
55106	97	29%
55107	22	7%
55108	8	2%
55109	1	>1%
55113	5	2%
55114	10	3%
55116	15	5%
55117	34	10%
55118	1	>1%
55119	34	10%
55130	28	8%



*CollegeBound Boost Guaranteed Income recipients mapped against Qualified Census Tracts for ARP*



## Mayor Carter casts broad vision for shared ownership in Saint Paul



We know what equity isn't, but what IS equity?



Project Equity  
62 subscribers

Subscribe



1



Share



2023: Project Equity  
Ownership Summit

“Saint Paul as the  
cooperative capital”



## Definition of Community Wealth Building

- We are going to build just and equitable communities by:
  - promoting local and broad-based ownership
  - lifting up cooperative and culturally-based economic practices
  - influencing economic policy and investment decisions.
- Community wealth is guided by a set of values and principles rooted in equity, culture, mutuality and stewardship. It is driven by the belief that economic systems must shift away from extractive models towards strategies that build regenerative local economies.

Working group adopted in fall 2019





### LOCAL Fund

#### Issue, Response, & Goals

COVID-19 has exacerbated historical disparities in business ownership, reduction in wages, and increase in job resignations. The **LOCAL Fund** will use shared-ownership models to increase local worker ownership of businesses. This will give community members a voice and an economic stake in their workplace. The LOCAL Fund will retain and grow businesses and jobs while increasing local worker ownership of businesses and commercial real estate in Saint Paul.

ARPA Investment: \$2,500,000

Lead: OFE. Internal partner: PED. External partner: TBD-Program Administrator will be selected via RFP.

#### Status:

LOCAL Fund: Worker Ownership: Program Administrator selected, with project selection in Q1 2024

LOCAL Fund: Community Ownership: RFP currently in the field to select a Program Administrator, with project selection in Q1 2024

# Medical Debt Reset Initiative

October 4, 2023



**SAINT PAUL**  
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ST. PAUL

# St. Paul mayor wants to use pandemic aid to erase medical debt

By partnering with a nonprofit, \$1.1 million from the city could wipe out up to 100 times that amount of debt.

By **Katie Galioto** Star Tribune | AUGUST 10, 2023 — 12:17PM



GLEN STUBBE, STAR TRIBUNE

St. Paul Mayor Melvin Carter spoke about his 2024 budget proposal.



## Overview: Medical Debt Reset Initiative

- Saint Paul residents hold an estimated **\$110 million** in medical debt that can qualify for cancellation.
- **Budget:** The City will invest \$1.1 million in one-time funding using American Rescue Plan funding to relieve up to the full amount of the estimated \$110 million in qualifying debt in the city, impacting 43,000+ Saint Paul residents.

**\$100:\$1 return-on-investment**  
for every \$1 invested, \$100 in medical debt is relieved



# Why medical debt?

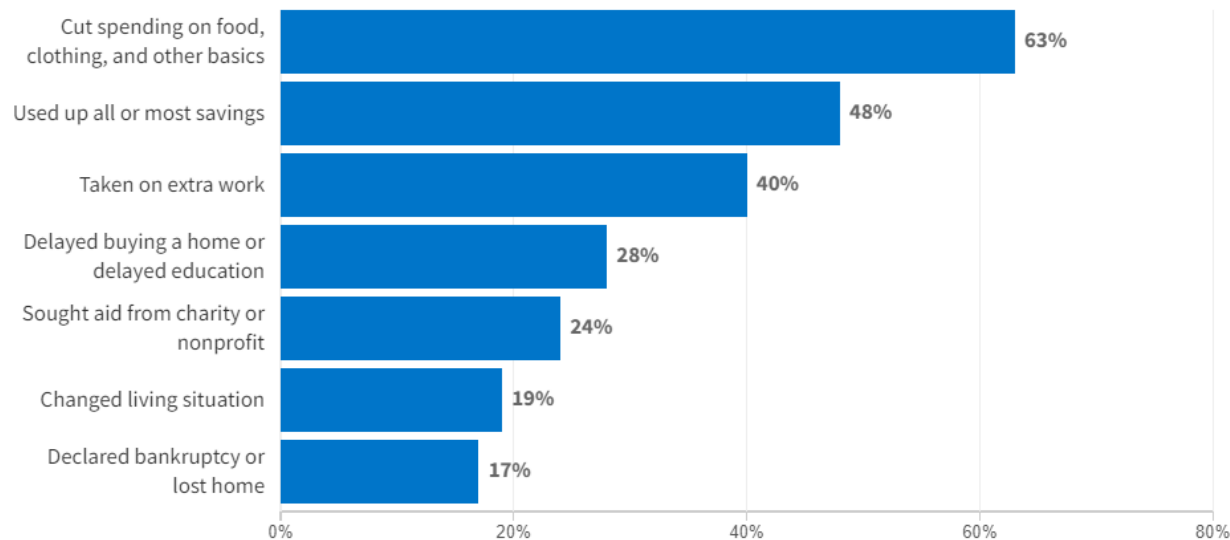
- Medical debt is different from other types of debt
- Many households have little savings to buffer the shocks of medical bills
- Medical debt is:
  - More prevalent in communities of color
  - A contributor to poor physical and mental health
  - A leading cause of bankruptcy in the U.S.
  - Recognized as a social detriment of health
- Many patients with burdensome medical debt delay the care they need
- These problems exist even when providers have stopped billing, don't rely on adverse credit reporting, and don't engage in lawsuits





# Economic Impacts of Health Care Debt

Share of indebted adults who have done the following because of health care debt:



Source: KFF Health Care Debt Survey of 2,375 U.S. adults, including 1,674 with current or past debt from medical or dental bills, conducted Feb. 25 through March 20. The margin of sampling error for the overall sample is 3 percentage points.

Credit: Daniel Wood/NPR and Noam N. Levey/KHN

**"[Medical Debt Reset Initiative] is consistent with our commitment to eliminating barriers for our patients to access health care services,"** Allina Health said in a statement. **"We look forward to working with Mayor Carter and RIP Medical Debt to implement this resource as part of our extensive array of financial assistance programs."**



**Allina Health**

Adapted from  
RIP Medical Debt



## Criteria: Medical Debt Reset Initiative

- **Low-income criterion:** Patient (or guarantor) household income between **0% and up to 400%** of Federal Poverty Guidelines,

**OR**

- **Medical debt burden criterion:** The medical debt being assessed represents **5% or more** of annual household income

\* \* \* \* \*

- **Residency requirement:** To use government funds, program recipients must be residents of Saint Paul; RIP Medical Debt can use other funds for non-residents, if needed and available



## Income Criteria

2023 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA		
Persons in family/household	Poverty guideline (FPG)	400% of Poverty guideline
1	\$14,580	\$58,320
2	\$19,720	\$78,880
3	\$24,860	\$99,440
4	\$30,000	\$120,000

Source: U.S. Department of Health and Human Services.

See: <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>



# Established Partnerships

## Program Facilitator

RIP  
MEDICAL  
DEBT

## Committed Program Partners



HealthPartners®





## Medical debt relief initiatives funded through ARP lauded by the Biden White House as a success story



- Communities across the country – from Cook County, Illinois, to Toledo, Ohio, to New Orleans, Louisiana, to Pittsburgh, Pennsylvania – are using or have passed legislation to use about \$16 million American Rescue Plan (ARP) funding to purchase medical debt from hospitals and other sources and forgive it, **wiping out nearly \$1.5 billion in medical debt, a ratio of nearly 100-to-1.** Other localities and states have proposed to make similar purchases using ARP funding.

# RIP MEDICAL DEBT

## Government Medical Debt Relief Initiatives

## Who is RIP Medical Debt?

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- A 501(c)(3) national charity that acquires and abolishes medical debt for people burdened by financial hardship
- Funded by donors (individuals, faith-based organizations, foundations, corporations, and government)
- Founded in 2014
- To date, RIPMD has acquired and abolished \$10 billion in medical debt for 6.8 million individuals
- MacKenzie Scott provided a \$50 million gift in December 2020 and another \$30 million in November 2022
- Governed by an active, accomplished Board of Directors
- **RIPMD never collects on medical debt**

## What is Being Proposed by Cities, Counties, and States?

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- City/County/State governments allocating ARP (or other) funds for medical debt relief through RIPMD
- For every \$1 appropriated, approximately \$100 in medical debt can be canceled
- RIP Medical Debt:
  - Contracts with government agency
  - Recruits hospitals (and other healthcare providers) on a confidential basis and acquires qualified medical debt
  - Requests data files from providers and identifies patients (or guarantors) who qualify for medical debt relief
  - Notifies program recipients that medical debts have been acquired and “canceled as a gift”
  - Invoices program costs
  - Supports policy opportunities to achieve systemic change



## Similar Initiatives In Place (Or In Process)

Government Jurisdictions	
Cook County, Illinois	Pittsburgh
Toledo and Lucas County (OH)	Cleveland, Cincinnati, Akron
Washington, D.C.	Los Angeles County
New Orleans	St. Louis (MO)
Denver	NJ, CT, MI, NY, AZ
Richmond (VA)	New York City

**The New York Times** | <https://www.nytimes.com/2022/12/29/us/toledo-medical-debt-relief.html>

### *Medical Debt Is Being Erased in Ohio and Illinois. Is Your Town Next?*

Cook County, Ill., and Toledo, Ohio, are turning to the American Rescue Plan to wipe out residents' medical debt. Experts caution it is a short-term solution.

By Amanda Holpuch  
Dec. 29, 2022, 5:30 a.m. ET

5 MIN READ

In the next few weeks, tens of thousands of people in Cook County, Ill., will open their mailboxes to find a letter from the county government explaining that their medical debt has been paid off.

Officials in New Orleans and Toledo, Ohio, are finalizing contracts so that tens of thousands of residents can receive a similar letter in the coming year. In Pittsburgh on Dec. 19, the City Council approved a budget that would include \$1 million for medical debt relief.

## RIPMD's Unique Win, Win, Win Solution



### Patient Benefits

- Abolish debt tax-free
- Improve credit score
- Relieve stress
- Enhance access to care
- Afford basic necessities



### Community Benefits

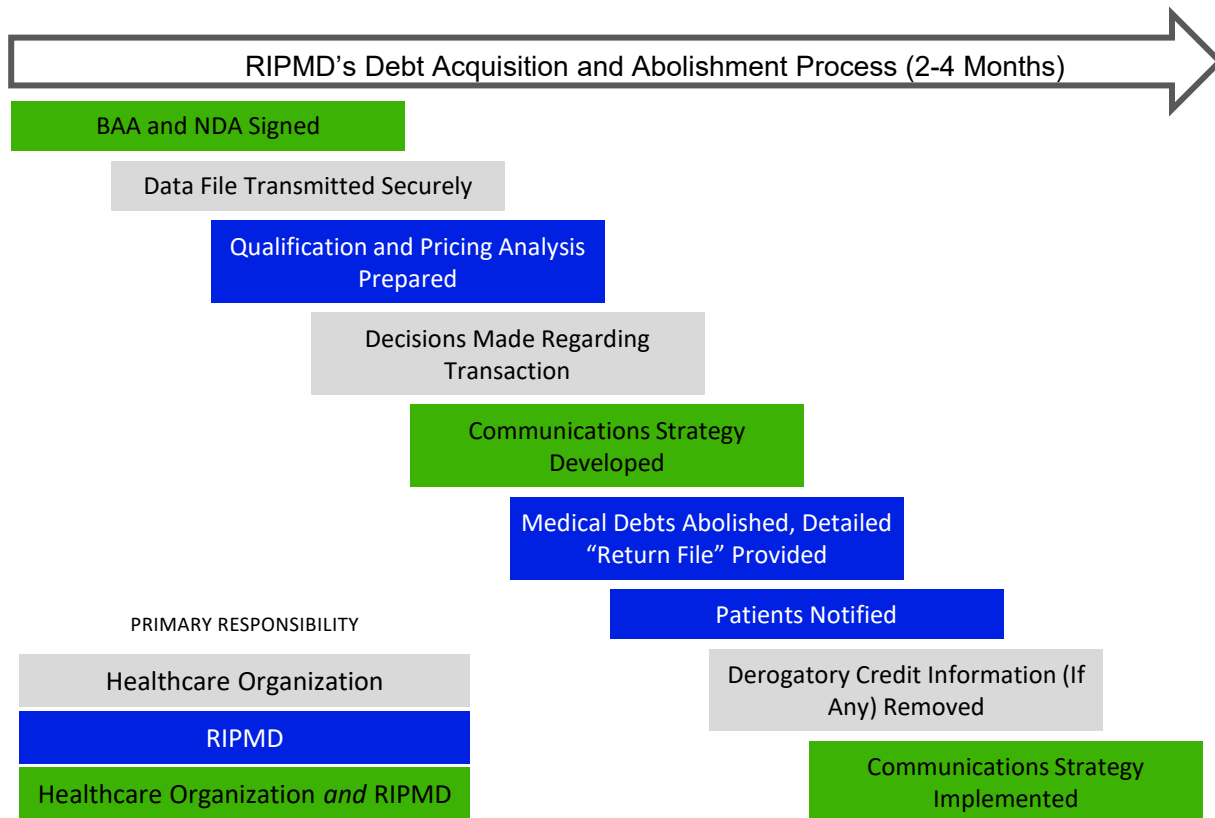
- Address a social determinant of health
- Enhance health equity
- Address economic, health impacts of pandemic
- Address impact of inflation and housing costs



### Hospital Benefits

- Sell uncollectible, dormant patient receivables (non-performing asset)
- Receive cash
- Improve financial assistance process
- Enhance medical staff and employee satisfaction

# How RIPMD Works With Providers





## Recap

- **\$1.1 million** one-time, ARP investment resulting in an estimated **\$110 million** in medical debt relief for ~43,000 Saint Paul residents
- Proven **\$100:\$1 return-on-investment ratio**; for every \$1 invested, \$100 in medical debt is relieved
- **Highly experienced and credible partner** in RIP Medical Debt, with **four large health systems** in Saint Paul **already committed**



# Contact

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