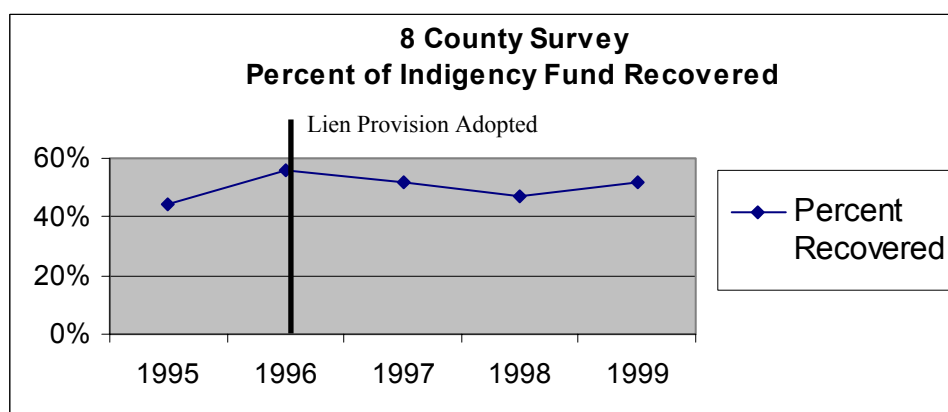


# 1996 Lien Provision of Indigency Health Fund: A Failed Experiment

Since 1996, Idaho Counties have automatically placed liens on families' homes when they apply for help from the Indigency Health Fund. Proponents argued that the automatic lien provides the county with a tool to recover funds. In fact, collections have not increased. Instead, Idaho families have been discouraged from applying for the program due to the lien provision and families who have used the program have suffered from bad credit scores at the same time they face a medical crisis.

The Idaho Community Action Network is supporting legislation to remove the lien provision from the County Indigency Health Fund.

- **Liens do not increase recovery.** Since 1996, when the Idaho legislature adopted the automatic lien provision, there has not been an increase in recovery to the Indigency Fund. In fact, recovery rates remain erratic and inconsistent despite the 1996 lien law. This suggests that the lien provision has little effect on the amount of reimbursement the counties receive from the indigent.<sup>1</sup>



- **The automatic lien discourages families from accessing the program.** The existence of the lien provision in the County Medical Indigency Program is a barrier that prevents families from seeking medical care because of their own experiences with the program or what they have heard from other members of the community or read about in the media.

*(over)*

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<sup>1</sup> ICAN is currently collecting more recent data. Counties represented in this chart are: Ada, Canyon, Cassia, Gooding, Idaho, Jerome, Lewis, and Nez Perce.

- **It is counterproductive to discourage families from accessing the Indigency Fund – every year, counties have money left over.** Counties underspend the amount of money they have allocated to the Medical Indigency Care Program, thereby denying uninsured Idahoans relief from burdensome medical bills, and putting hospitals in a bind. When potentially eligible consumers decline to apply for the County Medical Indigency Care Program for fear of a lien, health care institutions must foot the bill or pass it along to the insured.

**Amount of Unused Indigency Fund Money for Selected Counties**

Year	Jerome	Minidoka	Nez Perce	Owyhee
2000	\$106,650.53	\$58,196.00	\$ 88,951.00	\$66,114.00
2001	\$146,636.96	\$53,467.00	\$150,734.00	\$72,908.00
2002	\$ 30,047.81	\$18,889.00	\$ 5,709.00	\$26,976.00

- **Medical liens have a long lasting and harmful impact on people’s credit ratings.** The lien and the reimbursement provisions of the County Medical Indigency Program drive uninsured families into medical debt and have serious consequences for their credit reports that last long after the lien has been removed.
  - The largest category that impacts a consumer’s FICO score (or credit score) includes liens. According to the Fair Isaac and Company (FICO), *“Public record and collection items – reports of events such as bankruptcies, judgments, suits, liens, wage attachments and collection items. These are considered quite serious, although older items will count less than more recent ones.”*
  - Freddie Mac, the second largest mortgage buyer in the nation, considers publicly recorded liens to be among the *worst ever derogatory credit file entry* in a consumer’s credit report.
- **Idaho stands alone in placing liens on people’s homes.** Although counties in states across the country have programs that assist uninsured individuals in obtaining medical services and reimburse institutions that serve the uninsured, Idaho is unique in the country in the automatic lien provision.

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