

MEDICAL DEBT RELIEF

6-Month Review

Victoria Cruz-Falk, *Legislative Aide*

January 13, 2026
Urban County Council Work Session

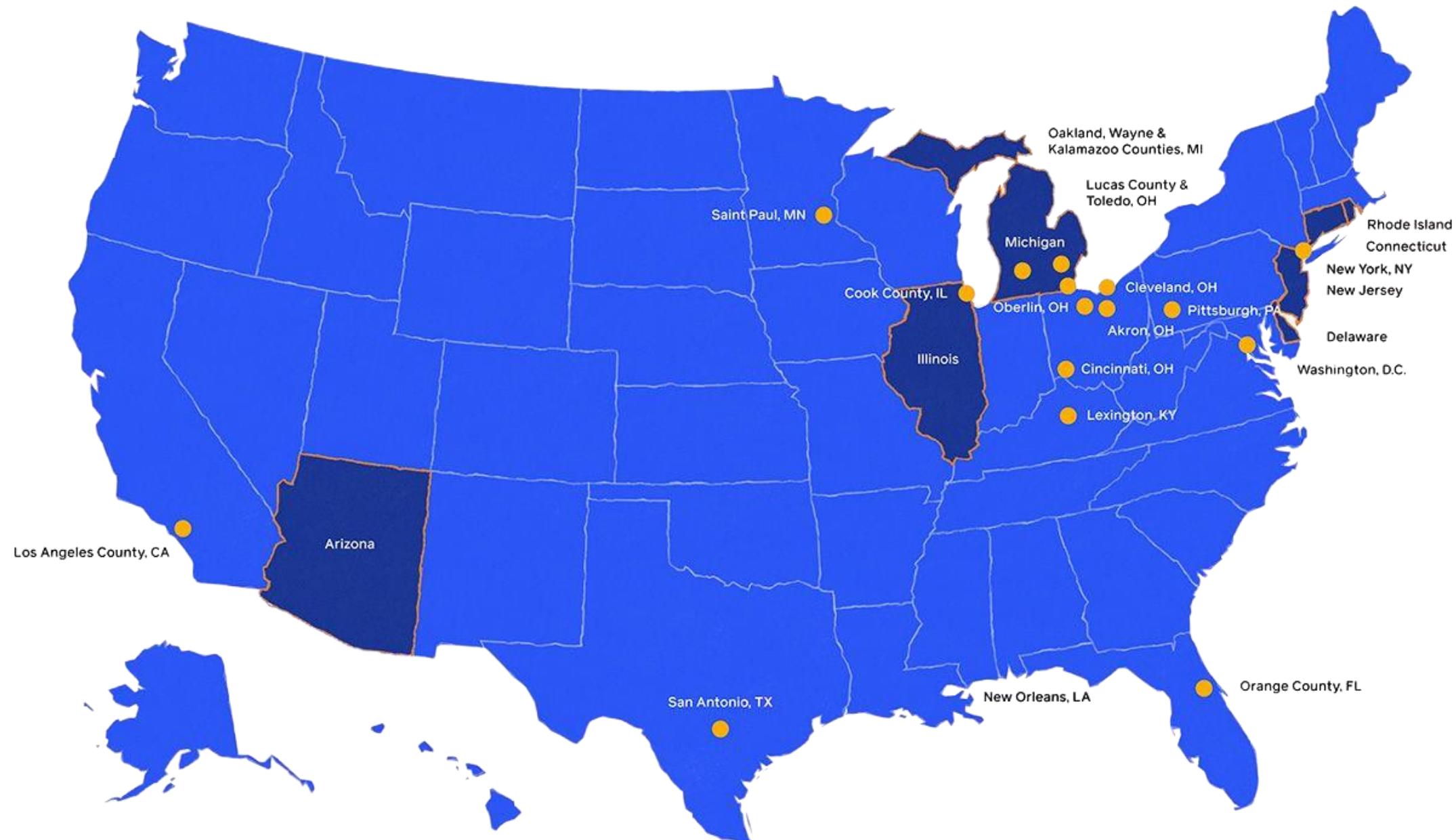


LEXINGTON
Urban County Council

Timeline

- **September 2023:** Vice Mayor Wu placed Medical Debt Relief into the Budget, Finance & Economic Development (BFED) committee
- **June 2024:** Vice Mayor Wu held an info session for stakeholders and community partners with Undue Medical Debt
- **August 2024:** Undue Medical Debt presented to the BFED Committee
- **October 2024:** The council unanimously approved a \$1 million allotment to medical debt relief at the Budget Committee of the Whole
- **June 2025:** The contract with Undue Medical Debt was approved unanimously by the Urban County Council
- **November 2025:** Recipients received notification of debt abolishment
- **January 2026:** 6-month update provided to the Urban County Council

Undue Medical Debt



The City of Lexington is partnering with **Undue Medical Debt**, a national, independent nonprofit organization, to acquire and abolish medical debt from local healthcare systems, hospitals and the secondary market (debt collectors).

How the Program Works

Undue Medical Debt will negotiate with providers in Fayette County to purchase in bulk and abolish outstanding medical debt for qualified Fayette County residents.

On average, \$1 relieves more than \$100 of face value medical debt

To be eligible recipients must be:

- **Residents of Lexington-Fayette County**
- Have income between 0-400% of the Federal Poverty Guidelines (*Just over \$100,000 for a family of three*)

-or-

- Have medical debt representing **5%** or more of their annual household income

How the Program Works

- To permanently **eliminate medical debt** and **notify residents**, Undue Medical Debt must:
 - Purchase and analyze qualification data
 - Obtain updated address information
 - Pay for printing and mailing
 - Maintain technology to meet HIPAA requirements
 - Conduct legal reviews and execute contracts
 - Dedicate staff time exclusively to qualifying debt
- Even with these necessary costs, the program delivers an unusually strong return on investment—on average, every **\$1 spent eliminates more than \$100** in medical debt for residents
- Undue Medical Debt generally applies a standard **15% indirect** cost rate to cover basic organizational needs, as permitted by Federal nonprofit guidelines
- In Lexington, approximately **66% of the total budget will be used to directly purchase medical debt**

First Abolishment

On **November 18th, 2025**, the Lexington Fayette Urban County Council announced the first wave of medical debt abolition.

6,484 Residents Impacted
\$12,641,416.24 of Relief

UNDUE

Medical Debt



First Abolishment- Demographic Information

Age	CONSTITUENTS	DEBT VALUE
Other / Unknown	1	\$ 590.47
18-30	1,056	\$ 1,918,953.52
31-45	2,242	\$ 4,077,102.38
46-60	2,151	\$ 3,447,058.79
61-75	968	\$ 2,968,566.01
76+	66	\$ 229,145.07
Total	6,484	\$ 12,641,416.24

Race ²	CONSTITUENTS	DEBT VALUE
African American	396	\$ 764,245.62
American Indian	15	\$ 28,239.55
Asian	29	\$ 38,654.06
Caucasian / White	3,414	\$ 5,928,574.62
Hispanic	173	\$ 266,439.32
Middle Eastern	57	\$ 59,944.20
Unknown	2,400	\$ 5,555,318.87
Total	6,484	\$ 12,641,416.24

Income	CONSTITUENTS	DEBT VALUE
Other	7	\$ 5,144.42
0-25K	2,917	\$ 6,702,353.74
26K-50K	2,432	\$ 4,304,855.97
51K-75K	854	\$ 1,378,397.51
76K-100K	217	\$ 209,283.76
101K-125K	57	\$ 41,380.84
Total	6,484	\$ 12,641,416.24

FPL	CONSTITUENTS	DEBT VALUE
0-100	1,164	\$ 3,034,617.86
101-200	3,352	\$ 6,619,631.28
201-300	1,790	\$ 2,844,242.85
301-400	178	\$ 142,924.25
Total	6,484	\$ 12,641,416.24

First Abolishment- Demographic Information

Household Size	CONSTITUENTS	DEBT VALUE
1	5,344	\$ 10,859,303.30
2	698	\$ 1,000,273.46
3	369	\$ 712,951.88
4	73	\$ 68,887.60
Total	6,484	\$ 12,641,416.24

Gender	CONSTITUENTS	DEBT VALUE
Female	3,563	\$ 6,207,667.92
Male	2,621	\$ 5,931,379.77
Unknown	300	\$ 502,368.55
Total	6,484	\$ 12,641,416.24

Insurance ¹	CONSTITUENTS	DEBT VALUE
Other/ Commercial	4,738	\$ 7,235,325.24
Self-Pay/ Unknown	2,097	\$ 5,218,008.91
Medicaid	170	\$ 134,954.06
Military/ Veteran	35	\$ 53,128.03
Total	6,484	\$ 12,641,416.24

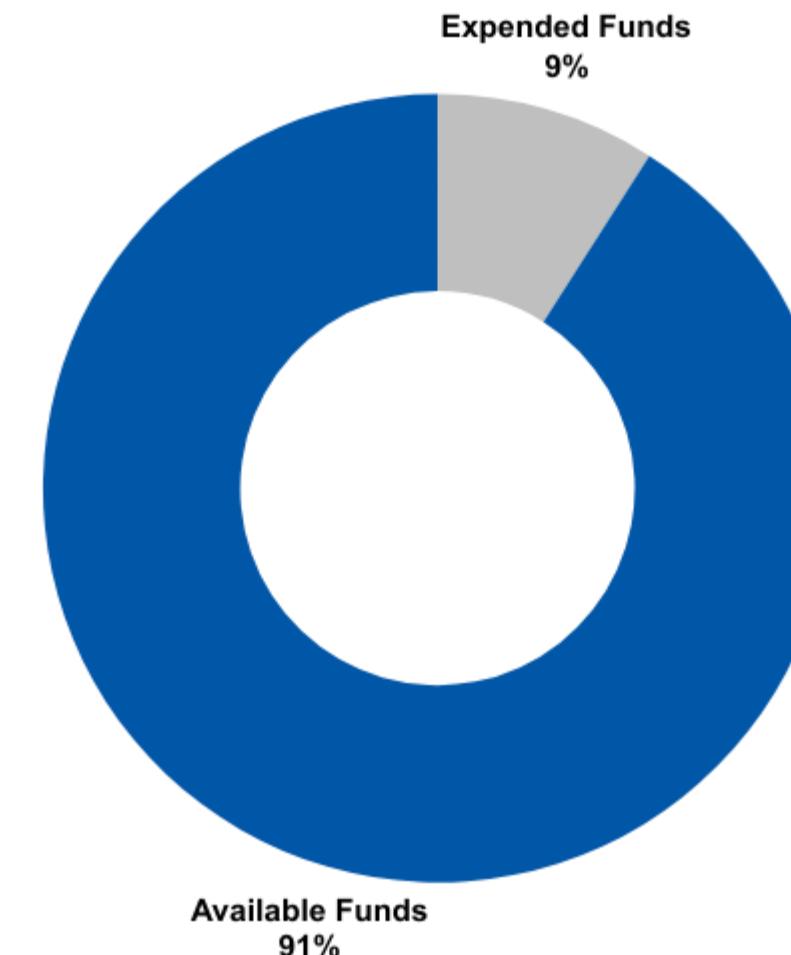
¹ The sum of individuals in the insurance type category reflects individuals with multiple insurance providers as unique individuals, counting them once for each insurance, possibly resulting in a higher number of individuals.

² Note: Some demographic data, such as race, may be excluded from reporting due to state privacy laws. For more information, see the [IAPP U.S. State Privacy Legislation Tracker](#).

First Abolishment- Financial Breakdown

Budgetary Category	Approved Budget	Expended Amount	Residual Balance
Debt Abolishment	\$663,697.00	\$69,862.66	\$593,834.34
Personnel	\$182,457.00	\$8,619.51	\$173,837.49
Program Contractual Services	\$23,412.00	\$0.00	\$23,412.00
Indirect Costs	\$130,434.00	\$11,772.32	\$118,661.68
Total	\$1,000,000.00	\$90,254.49	\$909,745.51

140:1
Return on Investment (to-date)



\$12,641,416.24
Relief (to-date)

Beneficiary Responses

Amount abolished: \$7,777

“

I can't even begin to describe the relief I feel to know that some of my medical debt was paid! That's [debt] that I don't have to stress about paying! As a mom of three, this honestly was the best gift I could have gotten!

”

Elizabeth R., Lexington, KY

Beneficiary Responses

Amount abolished: \$6,336

“ This has been a blessing for me, because I have a lot of medical bills and student loans. This has taken some stress off of me. I just want to say thanks to everyone who is involved in this amazing project. I know this will help a lot of other people like me. Thank [you]. May God bless all the good this project is helping people with, and the people who donate to this program. ”

C.L., Lexington, KY

Beneficiary Responses

Amount abolished: \$273

“ I'm sharing my story because medical debt can happen to anyone, even when you're doing everything you can to rebuild your life. After leaving an abusive marriage, I was already starting over from scratch—emotionally, physically, and financially. The medical bills that followed came at a time when I was simply trying to survive and regain stability. Between those unexpected costs and the fallout from years of hardship, I ultimately had to file bankruptcy. It wasn't because I was irresponsible—it was because the weight of those bills made it impossible to keep up, especially while rebuilding my work, home, and sense of security. The support I received from Undue Medical Debt lifted a burden I had carried for a long time. These weren't old debts from the marriage—these bills came after the divorce, during the stage where I was trying to move forward. Having them forgiven has given me room to breathe and the space to keep rebuilding stronger than before. I'm grateful, and I hope that by sharing my experience, others can understand how medical debt impacts real people—people who are doing their best to heal, recover, and start again. ”

Anonymous, Lexington, KY

Beneficiary Responses

Amount abolished: \$38,252

“

I was diagnosed with kidney cancer when these debts accumulated. This is such an amazing blessing, and I am in remission now. This program lets my wife breathe a little easier knowing the debt is now forgiven. We cannot thank you enough for relieving this huge stress.

”

W.F., Lexington, KY

Beneficiary Responses

Amount abolished: \$2,217

“

I am very grateful for this debt being erased. I got very sick a month before COVID, which landed me in the ER. I am happy to see this debt go away, as I was never going to be able to pay it.

”

Anonymous, Lexington, KY

Beneficiary Responses

Amount abolished: \$881

“ Because of you, one major source of stress has been lifted from my shoulders. Clearing my past medical debt has given my family room to breathe. It has allowed me to focus on paying down the bills from my wife's complicated pregnancy and our son's NICU stay, instead of drowning in fear over how we would ever catch up. You didn't just erase numbers on a page. You gave us relief, hope, and the chance to move forward without feeling buried. ”

Jeremy, Lexington, KY

Questions?



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