



Maryland Consumer Rights Coalition

**Testimony to the House Health & Government Operations Committee  
HB 1081: Health Facilities-Hospitals-Medical Debt Protection  
Position: Favorable**

February 28, 2020

The Honorable Shane Pendergrass, Chair  
Health & Government Operations Committee  
Room 241, HOB  
Annapolis, MD 21401  
cc: Members, Health & Government Operations Committee

Honorable Chair Pendergrass and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We're here today in strong support of HB1081 and thank Del. Charkoudian for sponsoring this bill.

Nationally, healthcare is a growing concern for many Americans. A 2019 report found that about 7 million more adults are without health insurance since the number started rising in 2016<sup>1</sup>. Nearly 1 in 6 Americans was contacted by a debt collector in the past year over a health care bill<sup>2</sup>.

Medical debt is also a major problem for Maryland residents, especially those from low-income households and among communities of color. 15% of Maryland residents report having medical debt, while 21% of those in communities of color report owing medical debts.<sup>3</sup>

Hospital care specifically is a major driver of healthcare costs and medical debt in Maryland. An average hospital stay lasts four days and costs, on average, \$14,200. In fact, hospital care makes up 37% of health care services in Maryland, the highest percentage of all health care costs.<sup>4</sup>

The Maryland General Assembly has recognized the burden of medical debt, particularly for financially struggling households and passed innovative legislation to address prescription drug costs and create a free or reduced cost-care for low-income households.

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<sup>1</sup> "GoFundMe CEO: One-Third of Site's Donations are to Cover Medical Costs" Time magazine, Jan. 30, 2019.

<sup>2</sup> [NCLC. Don't Add Insult to Injury. November 2019](#)

<sup>3</sup> [NCLC. Maryland Debt Collection Fact Sheet](#)

<sup>4</sup> [MHCC. Health Care Costs in Maryland](#)



Despite these achievements, more work remains to be done. Charity care provided by Maryland hospitals has plummeted by 36%, or \$168 million, from 2009 to 2018. At the same time, Over the past 10 years , Maryland hospitals filed more than 140,000 lawsuits to recover medical debt from former patients. Over 25% of these lawsuits resulted in wage or property garnishments against patients, and over 3,000cases resulted in bankruptcy.<sup>5</sup> Many of these lawsuits were against patients that would have likely qualified for free or discounted medical care.

Medical debt differs from other consumer debt in a number of important ways. First of all, debt that is accrued by seeking medical treatment is not a choice like other products and services. It is often incurred involuntarily and, in emergency situations, there are not opportunities to make informed choices. Moreover, even when a patient with insurance chooses an in-network facility, the patient has no control over whether or not they are treated by an in-network physician. Pricing is opaque and confusing and problems with medical errors abound.

Medical debt can often harm an individual's credit as well. Medical debt is often reported to credit bureaus because of payment delays due to billing issues or insurance disputes. Lower credit scores due to medical debt can harm families long-term financial stability.

In Maryland, a recent report *Preying on Patients* found the non-profit hospitals, which receive rate support to provide free and reduced care, filed 145,746 lawsuits for medical debt, resulting in 37,370 wage garnishments, 4,432 property liens, and 3,278 bankruptcies due to medical debt. These punitive actions to collect from households who experienced a health crisis simply deepens poverty and falls hardest on communities of color and compound health disparities across our state.

HB1081 establishes some sensible guardrails for medical debt collection. No one should have a lien on their home or lose a car because of medical debt. It establishes an income-based payment plan for outstanding bills, extends the time before a debt can be reported for adverse action to a credit reporting agency, prohibits wage garnishment for patients who were eligible for free or reduced care, limits lawsuits under a certain threshold as well as other protections.

For all these reasons, we support HB1081 and urge a favorable report.

Best,

Marceline White  
Executive Director

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<sup>5</sup> [NNU, Preying On Patients: Maryland's Not-for-Profit Hospitals and Medical Debt Lawsuits](#)