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SB1006

March 8, 2024

TO: Members of the Senate Finance Committee
FROM: Nina Themelis, Director of Mayor's Office of Government Relations
RE: Senate Bill 1006 – Hospitals – Medical Debt Collection – Sale of Patient Debt
POSITION: FAVORABLE

Chair Beidle, Vice Chair Klausmeier, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 1006.

SB 1006 will allow local governments and certain non-profit entities to purchase qualifying medical debt from hospitals. It is critical that we pass this bill now so that Maryland municipalities can use American Rescue Plan Act (ARPA) funds to provide relief for Marylanders burdened by medical debt. This is an urgent issue this session: ARPA dollars must be obligated by December 31, 2024, and spent by December 31, 2026. Although Maryland has taken some important steps to protect people from being overburdened by medical debt (such as requiring free or reduced cost care for qualifying individuals), we must do more. Importantly, this bill will help tackle this issue in a way that is mutually beneficial to both patients and hospitals.

About 340,000 Maryland adults have medical debt in any given year. Although this is clearly a widespread issue, some groups are more likely to experience high amounts of medical debt than others. For example, people with serious health care needs, such as cancer, are more likely to have high medical debt.ⁱ Also, Black Americans are more likely than other races to have high medical debt. According to data from the Urban Institute, about 13% of communities of color in Maryland have medical debt, compared to 9% of white communities.ⁱⁱ In Baltimore City, 20% of residents living in communities of color have medical debt in collections compared to 8% of white communities.ⁱⁱⁱ The median medical debt in collection for communities of color in Baltimore is \$495 compared to \$347 in white communities.ⁱⁱ

Medical debt can cause serious financial hardship, potentially leading people to forgo purchasing food and other essential items.ⁱ It can also cause people to delay or skip needed health care, which can lead to serious negative health outcomes.ⁱ With almost two thirds of people with medical debt delaying care they need, this has serious and broad reaching implications for health outcomes and health equity.ⁱⁱⁱ Passing this bill would allow Maryland municipalities to join others (such as Saint Paul, MN, Chicago, IL, and Cleveland, OH) who have taken this innovative approach to addressing this economic justice and health equity issue.^{iv,v,vi}

For these reasons, the BCA respectfully request a **favorable** report on SB 1006.

ⁱ Rakshit, S., Rae, M., Claxton, G., Amin, K., & Cox, C. (2024). The burden of medical debt in the United States. KFF. Retrieved from <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/>

ⁱⁱ The Urban Institute. (2023). Debt in America: An Interactive Map. Retrieved from <https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=medcoll&state=24&county=24510>

ⁱⁱⁱ Rakshit, S., Amin, K., & Cox, F. (2024). How does cost affect access to health care? KFF. Retrieved from <https://www.healthsystemtracker.org/chart-collection/cost-affect-access-care/>

^{iv} Swanson, S. (2023). St. Paul to use \$1 million in federal funds to help residents with medical debt. CBS News. Retrieved from <https://www.cbsnews.com/minnesota/news/st-paul-medical-debt-aid/>

^v Cleveland City Council. (2023). Old Medical Debt for Nearly 16,000 Cleveland Residents Cancelled. Retrieved from <https://www.clevelandcitycouncil.org/resources/news-media/old-medical-debt-nearly-16000-cleveland-residents-cancelled>

^{vi} Cook County, IL. (2023). Medical Debt Relief Initiative. Cook County American Rescue Plan. Retrieved from <https://arpa.cookcountyil.gov/medical-debt-relief-initiative>