

Delegate Joseline Peña-Melnyk, Chair
House Health and Government Operations Committee
Room 241, House Office Building
Annapolis, MD 21401

RE: SB 1006 – FAVORABLE W/ Amendments – Hospitals – Medical Debt Collection – Sale of Patient Debt

Dear Chair Peña-Melnyk and Members of the Committee:

Thank you for the opportunity to provide written testimony regarding SB 1006 and its efforts to address the challenge of medical debt in Maryland. Capio is proud to support SB 1006 with the addition of amendments.

First, let me share a little about Capio. Capio is the largest purchaser of nonperforming assets; however, Capio is not like other debt buyers or contingency collection agencies. Our mission is to help consumers build credit, save for future medical expenses, and set course on a path to financial wellness. We do not resell accounts, we handle only healthcare accounts, and we forgive \$1.25 for every dollar collected. In addition to our formal debt forgiveness program, we have decided to halt collections on over \$24 billion of medical debt. We have made this decision due to our extensive healthcare experience, our knowledge of what helping people resolve their account issues truly means, and our desire to help people achieve financial wellness. Capio always allows consumers to apply for charity or debt forgiveness after the fact, and screens new accounts for billing accuracy and financial assistance eligibility. We have our own patient advocacy team to ensure as many people as possible qualify for charity, reduced payment amounts, and/or debt forgiveness. We are focused on helping people burdened with medical debt and our debt purchases are in full compliance with 501(r) and CMS guidelines.

Medical debt has become and continues to be an increasingly serious problem. According to the Consumer Financial Protection Bureau (CFPB), there is currently \$88 billion of medical debt sitting on 43 million credit reports. As one of the larger organizations in the U.S. helping patients with medical debt pay what they can afford, I share the sense of urgency and determination of policymakers and regulators to address medical cost and debt across the United States and in Maryland.

I firmly believe in consumer protections that shield people from financial harm while improving the patient experience. At Capio we believe medical debt payments should be limited to a minimal percentage of a patient's monthly income and credit-building tools must be made available to patients. Capio's mission is to help consumers build credit, save for future medical expenses, and set course on a path to financial wellness. Regulators currently face the complex problem of balancing consumer needs for transparency and affordability with the needs of healthcare providers to generate the predictable revenue necessary to continue delivering the highest quality care. Healthcare providers across the country, including faith-based and not-for-profit providers, are now selling debt due to the impact of Covid-19, and frequently selecting Capio to service their patients due to our superior consumer experience.

I applaud your efforts and those of the City of Baltimore to eliminate the debt of low-income patients, as SB 1006 suggests. Our experience shows us that patients of all income levels struggle with medical debts, many of whom are unlikely to experience relief from the debt forgiveness purchases proposed in

the bill. I urge you to adopt amendments to allow organizations like Capio to purchase accounts from providers while ensuring strong patient protections that would allow us to bring our suite of tools to resolve those accounts. At Capio, this frequently takes the shape of determining an affordable payment amount based on the patient's income, establishing a repayment plan over the course of several months, and ceasing collection on the balance.

Under the amendments I propose, debt sales would be permitted provided the following consumer protections are included : 1) The hospital includes contractual language in the sales agreement where the debt buyer agrees to return any account when the balance has been determined to be incorrect due to the availability of a third party payer, including a health plan or government health coverage program, charity care, or financial assistance; 2) The debt buyer agrees to not resell or otherwise transfer the patient debt; 3) The debt buyer agrees not to charge interest or fees; and 4) the debt buyer agrees not to pursue legal or administrative action against the patient.

I firmly believe that the best solutions come from informed insights—the kind best made by people and organizations closest to the situation. We urge regulators and policymakers to address this problem by working alongside providers and organizations that routinely manage medical debt, who understand the challenges of patient-funded care and who have a track record of developing fair, practical, holistic solutions. As an expert in the complex field of medical debt, Capio would like to work with you and interested parties to craft legislation that roots out aggressive collections practices and improves patient and consumer experiences while protecting the viability of healthcare systems.

Sincerely,

Mark Detrick
CEO
Capio

Why Capio is different

We are the largest buyer of healthcare receivables: As the largest buyer of healthcare receivables, Capio understands both the provider revenue cycle and the unique causes and complexities of medical debt like no one else.

We have a proprietary model: Our proprietary debt purchasing model enables us to pay more up front on bad debt, providing essential revenue for hospitals.

We have over 200 years of healthcare expertise: Our team members are specialists in medical debt; we understand the unique stresses surrounding medical debt and how to effectively balance the needs of care providers and patients.

We work with 20 million consumers: We've worked with 20 million patients from every community to create practical and personalized solutions to help them pay their fair share of medical expenses.

We are industry thought leaders: We are the only company focused on practical, holistic solutions to the medical debt crisis that balance the needs of patients, care providers and regulators/legislators.

We deliver patient friendly solutions: We offer the flexibility, counsel, tools, and education needed to help patients pay what they can afford and achieve long-term financial wellness.

We provide dependable financial solutions: We have delivered more than \$250M to our hospital partners and care providers.

We are leaders in our industry: We lend our expertise to support regulatory and legislative actions to improve provider and patient financial outcomes.