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HB0765

March 25, 2025

TO: Members of the Senate Finance Committee
FROM: Nina Themelis, Director of Mayor's Office of Government Relations
RE: House Bill 765 - Hospitals - Medical Debt Collection - Sale of Patient Debt
POSITION: **Favorable**

Chair Beidle Vice Chair Hayes, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 765.

HB 765 will allow local governments and certain non-profit entities to purchase qualifying medical debt from hospitals. Last year, this bill was a priority for the BCA, and we worked closely with state agencies and nonprofit organizations to ensure that it augments current law and the state's system for the provision of reduced-cost care. 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.ⁱ Medical debt can:

- cause serious financial hardship
- lead people to forgo purchasing food and essential items
- cause people to delay or skip needed health care
- lead to serious negative health outcomes.^{i,ii}

With almost two out of three people with medical debt delaying care they need, this has serious and broad reaching implications for health outcomes and health equity.ⁱⁱ

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, as are Black Americans.ⁱ According to data from the Urban Institute, about 13% of communities of color in Maryland have medical debt, compared to 9% of white communities.ⁱⁱⁱ While medical debt can happen to almost anyone, this type of debt is more likely to occur among people with poor health, financial insecurity, or both.^{iv}

Passing this bill would allow Maryland municipalities to join other jurisdictions (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.^{v,vi,vii}

For these reasons, the BCA respectfully request a **favorable** report on HB 765.

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

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

^{iv} [The burden of medical debt in the United States - Peterson-KFF Health System Tracker](#)

^v 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/>

^{vi} 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>

^{vii} Cook County, IL. (2023). Medical Debt Relief Initiative. Cook County American Rescue Plan. Retrieved from <https://arpa.cookcountylil.gov/medical-debtrelief-initiatiiv>