



Testimony to the House Health & Government Operations Committee
HB1336 Hospitals – Financial Assistance – Medical Bill ReimbursementH
Position: Favorable

February 26, 2025

The Honorable Joseline Pena-Melnyk, Chair
Health & Government Operations Committee
Room 241, HOB
Annapolis, MD 21401
cc: Members, Health & Government Operations Committee

Honorable Chair Pena-Melnyk and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in strong support of HB1336 which provides a process to repay patients that were wrongly pursued for debt by Maryland's nonprofit hospitals when they qualified for free care. In February 2021, the Health Services Cost Review Commission (HSCRC) released [a report on the impact of hospital financial assistance policies](#). The report found that in the years 2017-2018, Maryland's nonprofit hospitals charged patients who should have received free healthcare 60% of the time; totaling an estimated \$60 million per year that was erroneously taken from patients. **The findings demonstrate that Maryland hospitals are failing on their legal obligation to provide financial assistance to low-income patients.**

Medical debt remains a problem in Maryland. In 2023, 14% of Maryland voters had a medical bill or medical debt that they or someone in their household is unable to pay. Medical debt hit Black-led households harder, with 23% of African-Americans polled having an unaffordable medical bill¹. Patients report that 23% from a hospital stay².

At the same time financial precarity is increasing. One in two households in Prince George's County experienced food insecurity in 2023³. Twenty-seven percent of households in Montgomery County were food insecure last year⁴. There are a number of reasons why so many families are living paycheck to

¹ September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

² September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

³ [Capital Area Food Bank Hunger Report 2023](#)

⁴ Ibid

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paycheck. As we know, many workers are borrowing against their own paychecks because they can't cover expenses until the next payday. A combination of the end of pandemic government assistance, lagging employment, and inflation create a perfect financial cataclysm for many hard-working households.

From our 2020 [report](#), we know the majority of patients with medical debt lawsuits live in low-income communities. [Research](#) has also shown that medical debt disproportionately affects Black households and communities. HB1336 will provide some much-needed support to former patients who were wrongly collected upon when they qualified for free care who reside in low-income households and communities of color.

Why HB1336 is needed:

Hospitals Have a Legal obligation to provide free healthcare. Maryland hospitals must provide free care to low-income patients under federal and state law. The report shows they failed to meet this obligation & failed to make patients aware of financial assistance which is why MDGA passed legislation SB 875/HB 1420 in 2020 to increase awareness of this assistance.

Providing Refunds to Patients is an Economic Justice Issue. The cost of gas, food, and housing is increasing and outstripping minimum wage increases. The patients who qualify for free care live paycheck to paycheck. Providing them with a refund for overpayment will increase their economic security.

Providing Refunds is a Racial Justice Issue. 27.9 % of Black households have medical debt, compared to 17. 2% of white households nationwide. 50% of Black households were unaware of hospital financial assistance compared to 29% of white households. Providing refunds addresses some of the social disparities in health care access and provision.

Hospitals Must Be Held Accountable. Hospitals sent 60% of patients who should have received free care to debt collection. A portion of these financially fragile households paid hospitals \$60 million per year on top of the payment the hospitals already received from the state. This legislation holds hospitals accountable for their lax oversight.

For all these reasons, we support HB1336 and urge a favorable report.

Best,

Marceline White

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