



HB 1081- Health Facilities - Hospitals - Medical Debt Protection
Health and Government Operations Committee
February 28th, 2020
SUPPORT

Chairwomen Pendergrass, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 1081. This bill will ensure that medical care is accessible to low income Marylanders.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy.

Medical debt is plunging low income individuals further into financial instability for seeking medical care. The National Consumer Law Center reports 17% of debt in collections in Maryland is the result of medical debt¹. Some low income people will delay seeking out medical assistance which leads to greater medical and financial issues in the future. Hospitals have financial incentives, provided by the state, so they can provide medical care to low income people at free or reduced rates. However, Maryland hospitals are filing lawsuits against their low income patients when they do not have the financial capability to pay. Low income patients are exposed to the high price of medical care without protections. HB 1081 will allow for low income people to seek medical care without risking their financial stability.

When an individual's debts are in collections, they face a variety of challenges that can drastically affect their quality of life. There are limited options when debt is in the Maryland's Central Collection Unit (CCU). Many of these options do not provide an adequate solution for people to pay back their debts. This can result in wage garnishment and suspension of driver's license and vehicle registration. These actions put people into a cycle of debt that leads to bankruptcy, homelessness, and has an overall devastating financial impact that can take years to overcome.

HB 1081 will address this issue by:

- Prohibiting hospitals from placing a lien on a patient's home or garnishing wages for a medical debt if a patient is uninsured and/or qualifies for free or reduced-cost care
- Prohibiting hospitals from filing lawsuits to collect on low-value debts of \$5,000 or less
- Requiring hospitals to offer an affordable monthly payment plan at 5% of the patient's gross monthly income and with interest rates capped at 1.5% per year
- Prohibiting hospitals from filing an action against a patient until 180 days after nonpayment and after giving patients 45-day notice of the action
- Prohibiting hospitals from initiating medical debt collection lawsuits while health insurance appeals, applications for financial assistance, or requests to reconsider financial assistance are pending
- Prohibiting hospitals from making a claim against the estate of a deceased patient to collect debt owed

For these reasons, we encourage you to report favorable on HB 1081.

¹ https://www.nclc.org/images/pdf/debt_collection/fact-sheets/Maryland.pdf