



Auto Consumer Alliance

13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

**Testimony to the Senate Finance Committee Committee
SB 514 – Health Facilities – Hospitals –
Medical Debt Protection
Position: Favorable**

February 25, 2021

The Honorable Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

Honorable Chair Kelley and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a group that brings together consumer-friendly auto dealers and consumer advocates to work for safety, transparency, and fair treatment for Maryland drivers and car buyers.

We strongly support **SB 514** because it would provide important relief to thousands of Maryland families facing financial devastation as a result of large and often unmanageable medical bills and debts.

As someone who has worked in consumer advocacy in Maryland for the last decade, I am well aware of the huge burden the high cost of medical care often puts on low- and middle-income families. Sadly, as is well known, an unexpected serious illness or emergency surgery can often cause financial ruin or bankruptcy, even for a middle-income family or individual who has reasonably good private medical insurance.

Still I was startled by the extent of the problems caused to families by medical debt lawsuits documented in the 2020 report "Preying on Patients." As the report showed, over the last decade hospitals have filed more than 145,000 medical debt lawsuits resulting in more than 37,000 families having their wages garnished, more than 4,400 liens on Maryland homes and 3,278 bankruptcy filings. For each of the tens of thousands of Marylanders hit hard by these cases, medical lawsuits have produced deeply painful financial problems that will impact their lives for many years to come.

SB 514 would provide much-needed relief for many of the families who will face similar woes in the coming years. By prohibiting lawsuits for debts less than \$1,000, it would dramatically ease the number of lawsuits and require hospitals to find ways to handle these debts that are less devastating to indebted patients. By preventing hospitals from putting liens on people's homes or garnishing their wages as a result of medical debt, it will prevent families from losing the ability to pay their bills and meet their basic needs or losing all of their assets as a result of such debts. And, perhaps most importantly, by requiring hospitals to develop manageable repayment plans, it will prevent medical misfortune from becoming a financial fiasco for many families.



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No one should lose his or her home or the ability to meet their basic needs as a result of medical misfortune. And in this time when the pandemic is visiting terrible and unpredictable medical disaster on so many – and making millions more vulnerable by costing them their jobs and the health insurance that often comes with them – it is more important than ever for Maryland to act to protect health care consumers against financial devastation.

We support SB 514 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto