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SB 514
Health Facilities – Hospitals – Medical Debt Protection
Hearing of the Senate Finance Committee
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1:00pm

SUPPORT

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Health Rights Project supports policies and practices that promote the overall health of Marylanders struggling to make ends meet, with the explicit goal of promoting strategies that work to eliminate racial and ethnic disparities in health outcomes. PJC strongly supports SB 514, which would prohibit hospitals from suing patients for debts under \$1,000 and protects patients from body attachment, arrest warrants, wage garnishment, property liens and other harmful debt collection practices. It would also require hospitals to develop payment plans with low-income patients and would require each hospital to report annually to the Health Services Cost Review Commission on its debt collection practices and policies.

Medical debt collection has a disproportionate impact on low-income patients and communities of color.

During the COVID-19 pandemic, the state must continue to prioritize the safety and wellbeing of Marylanders. Medical debt collection not only threatens the financial and housing security of patients, but it also places an immense emotional and physical burden on patients, their families and can harm the overall health of the household. This issue is a priority for PJC as we regularly represent low-wage workers in workers' rights matters, and some of our clients have had their already low wages garnished by hospitals to pay off a medical debt incurred for necessary services. Additionally, there are racial and gender disparities in medical debt collection as the majority of lawsuits by hospitals are filed against Black and female patients. Medical debt keeps low-income patients in a cycle of poverty that can be difficult to break. It takes money that comes into the household away from paying for basic needs, such as food, housing, medication and utilities. If passed, SB 514 would help remove the tremendous burden and damage that medical debt can have on families.

SB 514 promotes communication between hospitals and patients in debt collection. The existing debt collection tools relied on by most of Maryland's hospitals do not greatly benefit the individual hospital but do cause harm to the patient. Damaging a patient's credit rating by reporting their medical debt to a consumer reporting agency prevents the patient and their household from attaining opportunities for stability, such as home ownership.

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Additionally, suing patients is not profitable for hospitals as the average debt that Maryland hospitals sued patients for was \$944 between 2009 and 2018.¹ Hospitals receive significantly more money from charity care funding and tax breaks than they do in suing patients. In fact, 1/3 of Maryland's hospitals have stopped suing patients to recover debts. SB 514 does not prevent hospitals from collecting on debt, but it does prevent hospitals from using debt collection tools that are inhumane and hinder upward mobility of low-income communities. It would also promote equity by allowing low-income patients who are eligible to enter a payment plan with the hospital to steadily pay off the debt. It is time for the state to require the remaining hospitals to join this shift in practice and stop going after patients for medical debt.

SB 514 would positively transform the way that patients experience medical debt collection and would promote access to medically necessary care. For robust, patient-centered reform of medical debt collection, it is critical that each component of SB 514 be preserved. For these reasons, the Public Justice Center urges the committee to issue a **FAVORABLE** report for **SB 514**. If you have any questions, please contact Ashley Black at 410-625-9409 x 224 or blacka@publicjustice.org.

¹ National Nurses United, *Preying on Patients: Maryland's Not-for-Profit Hospitals and Medical Debt Lawsuits* (2020), https://act.nationalnursesunited.org/page/-/files/graphics/0220_JHH_PreyingOnPatients_Report-opt.pdf.