



# MARYLAND STATE & D.C. AFL-CIO

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**SB 514 – Health Facilities – Hospitals – Medical Debt Protection**  
**Senate Finance Committee**  
**February 25, 2021**

**SUPPORT**

**Donna S. Edwards**  
**President**  
**Maryland State and DC AFL-CIO**

Madam Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 514 – Health Facilities – Hospitals – Medical Debt Protection. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of the 340,000 union members, I offer the following comments.

Working Marylanders often must choose between medical care and feeding their families. During medical emergencies, no such choice exists, and for the uninsured and underinsured this can lead to medical debt that can be prohibitively expensive to pay off in a timely fashion. What this inevitably leads to is people having their medical bills sent to collections, having their wages garnished, being sued by hospitals, and sometimes having liens placed on their homes.

SB 514 levels the playing field for hard-working Marylanders who experience a medical emergency, by eliminating the most egregious debt-collection practices of Maryland hospitals, requiring hospitals provide payment plan options instead of lump sum demands, and giving patients more breathing room to file health insurance appeals over contested billing. Hospitals will no longer be able to place a lien on a patient's home, garnish wages, sue patients over medical bills while health insurance appeals are ongoing, report unpaid medical bills to credit reporting agencies for at least 180 days, or file lawsuits to collect on debts that are \$1000 or less.

SB 514 helps working Marylanders by requiring hospitals to offer monthly payment plans to patients at low interest (no greater than 1.5% per year simple interest), with payments that cannot exceed 5% of the patient's gross monthly income. These simple changes are impactful for patients, but they are also beneficial for hospitals trying to recoup costs. Demanding lump-sum payments and/or suing patients with no money is not an effective way to mitigate their losses. Providing patients with low interest, or no interest, monthly payment options to financially struggling patients will yield more debt repayments.

SB 514 increases reporting from Maryland hospitals. On an annual basis, each hospital must submit a report to the Health Services Cost Review Commission (HSCRC) detailing the number of patients by race/ethnicity, gender, and zip code who have been the subject of debt-collection actions by the hospital or medical debt collection services, the number of patients who are subject to medical debt, and the total dollar amount of services provided by the hospital but not collected. Greater data collection on medical debt is necessary for policymakers in Annapolis to make informed decisions about the depth and breadth of medical debt problem in Maryland and will inform how they can best craft solutions to address it in the future.

SB 514 is expansive in its protections for working Marylanders, but in no way is it hard for hospitals to implement. Maryland's "not-for-profit" hospitals recorded \$5.6 billion in profits over the ten-year period from 2009 to 2018, while demanding payment of nearly \$269 million in medical debt from patients. Through generous State and Local tax exemptions, hospitals are thriving businesses, paid once by the patients and secondly by Maryland taxpayers. It is time to take care of struggling Marylanders by providing them with an avenue to pay their debt without the fear of being sued, losing their homes, or having their wages garnished. Medical emergencies are stressful and fearful events. With the COVID-19 pandemic upon us, job insecurity and medical insecurity are both at an all-time high. Essential workers, living paycheck-to-paycheck should need not worry about having the wages garnished or losing the homes, on top of the stress they already face on a daily basis.

**We ask for a favorable report on SB 514.**