



## TESTIMONY IN SUPPORT OF SB 514

Health Facilities – Hospitals – Medical Debt Protection

Senate Finance Committee

February 25, 2021

Submitted by Stacey Jefferson and Julia Gross, Co-Chairs

### Member Agencies:

Advocates for Children and Youth  
Baltimore Jewish Council  
Behavioral Health System Baltimore  
CASH Campaign of Maryland  
Catholic Charities  
Episcopal Diocese of Maryland  
Family League of Baltimore  
Fuel Fund of Maryland  
Health Care for the Homeless  
Homeless Persons  
Representation Project  
Job Opportunities Task Force  
League of Women Voters of Maryland  
Loyola University Maryland  
Maryland Catholic Conference  
Maryland Center on Economic Policy  
Maryland Community Action  
Partnership  
Maryland Family Network  
Maryland Hunger Solutions  
Paul's Place  
Public Justice Center  
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Welfare Advocates

### Marylanders Against Poverty

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**Marylanders Against Poverty (MAP) strongly supports SB 514**, which establishes reasonable protections for low-income and working Marylanders against destitution as a result of medical debt, creates reporting requirements to identify disparities in hospital collection processes and procedures, and allows for changes in financial circumstances to be considered within 240 days of care.

**For many Marylanders, an illness or medical emergency can lead to financial suffering, poverty and homelessness.** Even after passage of the Affordable Care Act, medical bills frequently cause financial hardship and even destitution.<sup>1,2</sup> One need look no further than GoFundMe, which proclaims itself to be “the leader in online medical fundraising” with over 250,000 campaigns a year.<sup>3</sup> In Maryland, people are pushed into poverty and out of their homes as a result of medical debt. Lawsuits filed by Maryland hospitals against former patients for medical bills – some of which should have been paid by insurance companies – have led to wage and property garnishments that have pushed vulnerable Marylanders into poverty, at the same time that these hospitals saw billions in profits.

**SB 514 would help to protect poor and working Marylanders against destitution as a result of medical debt.** The bill would prevent homelessness and poverty by prohibiting hospitals from placing a lien on a patient’s home, pursuing wage garnishment to collect medical debt from patients who are uninsured, or filing lawsuits to collect low-value debts that are often adjudicated in small claims court, where patients have fewer protections. SB 514 would help to ensure that insurance companies are pushed to pay for covered procedures – rather than pushing the costs to patients – by preventing hospitals from initiating medical debt collections lawsuits while health insurance appeals, applications for financial assistance, or requests to reconsider financial appeals are pending.

**SB 514 balances the needs of hospitals and patients**, requiring hospitals to offer patients monthly payment plans that limit payments to five percent of gross monthly income and cap interest rates at 1.5% per year. Additionally, SB 514 creates transparency in hospital procedures that may have a disparate impact by race, ethnicity, gender, or geography.

An illness or health emergency should not lead to financial ruin. **MAP appreciates your consideration, and strongly urges a favorable report on SB 514.**

**Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.**

<sup>1</sup> Hamel L, Norton M, Pollitz K, Levitt L, Claxton G, Brodie M. The burden of medical debt: results from the Kaiser Family Foundation/New York Times Medical Bills Survey. Kaiser Family Foundation, 2016. Available at: <https://www.kff.org/health-costs/report/the-burden-of-medical-debt-results-from-the-kaiser-family-foundationnew-york-times-medical-bills-survey/view/print>.

<sup>2</sup> David U. Himmelstein, Robert M. Lawless, Deborah Thorne, Pamela Foohey, and Steffie Woolhandler, 2019: [Medical Bankruptcy: Still Common Despite the Affordable Care Act](https://doi.org/10.2105/AJPH.2018.304901) American Journal of Public Health 109, 431-433, <https://doi.org/10.2105/AJPH.2018.304901>

<sup>3</sup> GoFundMe. Get help with medical fundraising: with a free GoFundMe, you can get immediate help with medical bills. Available at: <https://www.gofundme.com/start/medical-fundraising>.