



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB0565 HEALTH FACILITIES - HOSPITALS - MEDICAL DEBT PROTECTION

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN

FEBRUARY 16, 2021

Chair Pendergrass, Vice Chair Pena-Melnyk, Members of the Health and Government Operations Committee,

Medical debt is a burden thousands of Marylanders have to deal with each year. Close to 1 in 6 Americans are contacted by a debt collector and 21% of residents in largely non-white zip codes have at least one medical debt collection on their credit reports.¹

According to a report released last year,² over a ten year period ending in 2018, more than 145,000 Marylanders were sued by hospitals for medical debt, affecting every county in the state. Many of these lawsuits were against patients that would have likely qualified for free or discounted medical care. While the number of suits varied by county and district, each of us has hundreds of constituents who may be the target of such suits. Many of those constituents will be put at risk of bankruptcy, could lose their homes or cars, may have their wages garnished or their credit impacted, and may put off future medical care or other vital necessities because of those lawsuits.

HB0565 will expand consumer protections for medical debt collection to protect patients. The key provisions of the legislation are as follows.

- The bill will prohibit hospitals from placing a lien on a patient's home.
- It will stop hospitals from the practice of garnishing wages to collect medical debt if a patient is uninsured, or qualifies for free or reduced-cost care.
- This bill requires hospitals to wait to start medical debt collections until after patients have completed their appeals to their insurance company, applied for financial assistance, or completed their requests for reconsideration of financial assistance.
- It requires hospitals to offer fair monthly payment plans to patients with fair interest rates (not in excess of a simple effective annual rate of 1.5%).

¹ "What States Can Do to Help Consumers: Medical Debt". National Consumer Law Center.

https://www.nclc.org/images/pdf/debt_collection/fact-sheets/fact-sheet-med-debt-state-reform.pdf

² "Maryland's Not-for-Profit Hospitals and Medical Debt Lawsuits". National Nurses United. February 2020.

<https://www.nationalnursesunited.org/preying-on-patients>

- The bill will prevent unnecessary damage to credit scores which can negatively impact patients and their families by requiring hospitals to wait 180 days to report unpaid bills to credit reporting agencies, and 60 days after appeals to insurance companies or financial assistance are exhausted.
- It will prohibit hospitals from suing patients over low-value debts of \$1,000 or less.

The bill will include particular measures to ensure that many individuals who are sued over medical debt and who qualify for free or reduced cost are given every opportunity to get the financial assistance they need. Specifically, it requires hospitals to screen patients for eligibility for financial assistance before suing, and it will prohibit lawsuits against patients who were uninsured at the time they received care.

Additionally, it will create certain notice requirements before filing lawsuits, prohibits certain claims, requires the Health Services Cost Review Commission (HSCRC) to report on and publish detailed data on medical debt and collections as well, so that we can have up-to-date data for reevaluating down the road, and determine if further steps need to be taken.

We need to protect Marylanders from the outrageous possibility that getting sick can lead to bankruptcy, homelessness, and destitution. This legislation adds guardrails to our system so that Marylanders seek medical care without fear of financial destitution.

I respectfully request a favorable report on HB 0565.