



HB 1020 - Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)

House Economic Matters Committee

February 18, 2025

SUPPORT

Chair Wilson, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 1020. This bill will prohibit the consideration of medical debt in consumer reports.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Medical debt reporting disproportionately harms low-income individuals and families, trapping them in a cycle of financial instability. Many low-income households lack the savings to cover unexpected medical expenses, forcing them to take on debt for essential care. When this debt is reported to credit agencies, it lowers credit scores, making it harder to secure housing, obtain loans, or even pass background checks for employment. A single medical emergency can result in long-term financial consequences, pushing families deeper into poverty. Unlike other forms of debt, medical debt is often involuntary, stemming from urgent and necessary care rather than discretionary spending. Penalizing individuals for seeking life-saving treatment only deepens financial inequities and discourages people from seeking needed medical care in the future, potentially worsening health outcomes across vulnerable communities.

Families facing credit damage due to medical debt may struggle to secure stable housing, leading to frequent moves or even homelessness. Additionally, poor credit can limit access to auto loans, making it harder for individuals to commute to work or access better job opportunities. The negative impact of medical debt extends beyond finances, causing stress and anxiety that can contribute to worsening mental and physical health. In many cases, these financial hardships lead families to forgo future medical treatment altogether, creating a dangerous cycle where health problems worsen due to the fear of incurring further debt. Eliminating medical debt reporting would provide a safeguard to those who need it most, ensuring that medical emergencies do not translate into lasting financial obstacles to continually overcome.

Thus, we encourage you to return a favorable report for HB 1020.

Creating Assets, Savings and Hope