



SB 981 - Hospitals - Financial Assistance and Collection of Debts - Policies

Senate Finance Committee

February 18, 2025

SUPPORT

Chair Beidle, Vice-Chair, and members of the committee thank you for the opportunity to submit testimony in support of Senate Bill 981. This bill will ensure that low-income individuals are not burdened by the cost of receiving medical care.

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 is a significant challenge for Maryland residents, disproportionately impacting low-income households. Currently, 15% of Maryland residents report having medical debt, and this figure rises to 21% among residents in communities of color. SB 981 is a critical step forward in addressing this issue, building on the progress made by this committee in recent years. Low-income patients can face a variety of challenges that can drastically affect their quality of life if they are having difficulty paying their medical debts. Lawsuits due to medical debt put people into a cycle of debt that leads to bankruptcy, homelessness, and have devastating financial impact that can take years to overcome.

Specifically, SB 981 will:

- Establish standardized subsidy levels for eligible patients, ensuring equitable access to affordable care regardless of the hospital where they receive treatment.
- Prevents hospitals from reporting medical debt or related adverse information to credit agencies. This protection safeguards patients from further financial hardship that can hinder access to housing, education, and other essential pathways to financial stability.
- Prohibits hospitals from suing patients for debts under \$500, a practice that often creates undue harm with minimal financial benefit to the hospital, and
- Increase transparency and consistency in hospital financial assistance.

SB 981 promotes transparency, consistency, and fairness in hospital financial assistance policies, while protecting Maryland residents from practices that exacerbate financial instability.

Thus, we encourage you to return a favorable report for SB 981.

Creating Assets, Savings and Hope