



Testimony to the Senate Finance Committee
SB981 Hospitals - Financial Assistance and Collection of Debts - Policies
Position: Favorable

February 18, 2025

The Honorable Pam Beidle, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

Chair Beidle and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in strong support of SB981 which builds on this committee's important work over the past few years of expanding health care access for working families and reducing medical debt. SB981 establishes consistent thresholds and discounts for reduced-cost care throughout Maryland's hospital system, expands notice requirements so that patients are aware of financial assistance and payment options, protects patients credit, and bans medical debt lawsuit for the most vulnerable households.

All Maryland hospitals are nonprofit and are required to provide free and reduced cost care as a condition of their tax-exempt status. Maryland also has a global-budgeting policy that sets rates and provides hospitals with funds for charity care each year based on last year's expenses.

Medical Debt and Financial Assistance in Maryland

In 2023, 14% of Maryland voters had a medical bill or medical debt that they or someone in their household is unable to pay¹. Medical debt hit Black-led households harder, with 23% of

¹ [Gonzales statewide poll, September 2023](#) Commissioned by Economic Action Maryland Fund (formerly Maryland Consumer Rights Coalition)

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African-Americans polled having an unaffordable medical bill². Of Maryland households struggling with medical debt, 53% say their medical debt is from a hospital visit or combination of outpatient and hospital visits³.

Coupled with rising costs for basic needs which are 22% higher than they were four years ago, an increasing number of low-and-moderate income households may rely on hospital financial assistance to manage the high costs of healthcare.

Today, there is no consistent threshold for providing discounted care nor for the percentage that the hospital debt is reduced. In practice, this means a patient can receive reduced-cost care at Hospital A but be denied reduced-cost care at Hospital B. This creates a capricious system for charity care and one that leads to disparities in who holds medical debt.

Prior to accessing financial assistance, patients need to know that it exists and is available. In 2020, 29% of Maryland households did not know that hospitals provided charity care. African-Americans comprised 50% of the households who were not aware that hospitals provided financial assistance for income-eligible patients⁴.

Low-income patients, many living in majority Black and Brown communities, are three times as likely to be sued for medical debt. Low-income patients are also the ones most affected by negative reporting of medical debt to their credit cards.

SB981 addresses many of these issues by:

- Establishing consistent thresholds and discounts for reduced cost care. This will create a consistent floor across all Maryland hospitals for working families.
- Requiring a signature upon receipt of the hospital financial assistance policy to ensure that a patient or family member has notice of the hospital's financial assistance and payment options.
- Bans hospitals' reporting of medical debt to credit reporting agencies, codifying part of the CFPB's rule.
- Bans medical debt lawsuits for the most vulnerable patients by preventing hospitals from suing on medical debts that are \$500 or less.

² ibid

³ ibid

⁴ https://econaction.org/wp-content/uploads/2025/01/gonzales_poll_2020.pdf

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Despite what opponents may claim, hospitals can easily afford the ban on lawsuits which economists estimate will protect more than 3000 lawsuits and represent a loss in revenue per hospital of approximately \$3500⁵. Creating clear thresholds for discount care will increase fairness and expand access to healthcare. Expanding notification of financial assistance will enable hospitals to meet their mission in providing charity care.

SB981 puts patients first and builds on this committee's good work to protect patients, reduce medical debt, and expand protections.

For all these reasons we support SB981 and urge a favorable report.

Best,

Marceline White
Executive Director

⁵ https://econaction.org/wp-content/uploads/2025/01/limits_on_medical_debt_lawsuits_in_maryland.pdf

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