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SB 614 – Consumer Protection – Credit Reporting – Medical Debt (Fair Medical Debt Reporting Act)
FAVORABLE
Senate Finance Committee
February 20, 2025

Good afternoon, Chairman Beidle and Members of the Senate Finance Matters Committee. My name is Karen Morgan, and I serve on the Executive Council for AARP Maryland. Representing nearly 850,000 members, AARP Maryland is one of the largest membership-based organizations in the state. We thank Senator Lam for sponsoring this important legislation.

AARP is a nonpartisan, nonprofit organization dedicated to empowering people to live their best lives. We advocate on key issues affecting families, including health care, financial security, retirement planning, and protection from financial abuse.

SB 614: Protecting Consumers from Medical Debt Penalties

SB 614 is crucial in preventing individuals from being penalized for medical debt. A single medical event can drastically alter a person's financial stability. This bill prohibits consumer reporting agencies—such as Experian, Equifax, and TransUnion—from including medical debt or collection actions in consumer credit reports. It also prevents businesses from using medical debt to determine creditworthiness and prohibits health practitioners and facilities from reporting medical debt to consumer credit reporting agencies.

AARP Maryland strongly supports this legislation. Medical debt is a widespread issue, with nearly **20% of American households** carrying some form of it. In 2021, consumer credit reports reflected more than **\$88 billion in medical debt**, accounting for nearly **60% of all debt in collections**, according to the Consumer Financial Protection Bureau.

Medical debt can have severe consequences, affecting a person's ability to secure housing, employment, or insurance. Even those with health insurance often face significant out-of-pocket costs. Medicare, for example, covers only 80% of a hospital stay, leaving older adults vulnerable to financial hardship. National data shows that 44% of adults aged 50–64 and 22% of those 65 and older carry medical debt. Rural communities are especially impacted due to limited access to health care providers.

The financial burden of medical debt should not determine a person's ability to recover from an illness or injury. Research shows that medical debt on credit reports is **not an accurate predictor of future repayment behavior**. Reporting this debt causes unnecessary stress for individuals already struggling with health challenges.

By passing SB 614, Maryland can help break the cycle of financial hardship caused by medical debt. The bill promotes fairness and compassion, ensuring that individuals are not unfairly penalized for seeking necessary medical care.

AARP Maryland urges the Senate Finance Committee to issue a **favorable report on SB 614**. For any questions, please contact Tammy Bresnahan, Director of Advocacy for AARP Maryland, at tbresnahan@aarp.org or **410-302-8451**.