FINAL Public Health Law Clinic_SB0614_FAV.pdf

Uploaded by: Byron Cheung

Position: FAV

Byron Cheung
Public Health Law Clinic
University of Maryland Carey School of Law
500 W. Baltimore St.
Baltimore, MD 21301
publichealth@law.umaryland.edu

Testimony in Support of Senate Bill 0614

Consumer Protection-Credit Reporting-Medical Debt (Fair Medical Debt Reporting Act)
Before the Finance Committee: February 20, 2025

The Public Health Law Clinic submits this testimony in support of Senate Bill 0614, which aims to protect patients in Maryland from being penalized for seeking medical care and taking on the associated financial costs of treatment. Healthcare related debt burdens 41% of adults in this country. Almost 25% express having difficulty paying off these debts, needing extra time beyond due dates to pay off such debt, or being forced to put medical bills on credit cards or take out loans from family members or banking institutions to pay medical debt.[1] Senate Bill 0614 limits the impact of medical debt by prohibiting consumer credit reporting agencies from including most medical debt information in a consumer report, limiting the disclosure of medical debt collections to consumer reporting agencies, and generally protecting the creditworthiness of individuals who acquire medical debt.

By nature, medical debt is unique and poses special risks to patients and consumers compared to other types of debt. The need for medical care is often unexpected and such costs are usually associated with unforeseen incidents such as an accident or sudden illness. Medical treatment is often expensive, and patients are not usually informed about the costs of medical treatment in advance and have few options to "price compare" or "shop around." Additionally, medical billing procedures are confusing and complicated. In 2022, about 53% of adults who had medical debt expressed there were inaccuracies or inconsistencies with their bills, but less than half of that number mentioned that they knew how to appeal or dispute the bill.[2]

I have experienced firsthand how pervasive the effects of medical debt can be. Prior to attending law school, I worked in the healthcare field in both direct patient care and administrative positions. I had patients tell me they wanted to pursue less effective treatments because the best options for their condition were too expensive. I have fielded phone calls from families who, upon receiving a bill for care their child needed, told me they would have to go hungry for the next two weeks until they got paid again because of the bill. Even on the provider side, I have been a part of the scramble to find alternative funding options for a patient whose life-saving care was denied insurance coverage, because we did not want to save a life physically but ruin a life financially.

Patients across the country are at the mercy of high medical costs that they don't quite understand and don't know how to pay for, and the impacts are felt in many places besides bank accounts. Marylanders are not spared. Between 2009-2018, Maryland hospitals filed 145,746 medical debt lawsuits, leading to 3,278 patients filing for bankruptcy and 37,370 patients having their wages garnished. Shockingly, the median amount of debt targeted in the thousands of

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[1] *Health Care Debt In The U.S.: The Broad Consequences of Medical and Dental Bill,* KFF (2022), https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/.

[2] Consumer Finance Protection Bureau, *Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V) Final Rule,* (January 7, 2025), https://files.consumerfinance.gov/f/documents/cfpb_med-debt-final-rule_2025-01.pdf.

Byron Cheung
Public Health Law Clinic
University of Maryland Carey School of Law

500 W. Baltimore St.
Baltimore, MD 21301
publichealth@law.umaryland.edu

destructive lawsuits is a meager $944.[3] According to the Consumer Finance Protection Bureau (CFPB), the presence of medical debt of any amount on a consumer report, even for individuals who are capable of or are currently making payments on their debt, can increase the costs and reduce the availability of credit, and affect access to employment and housing.[4] Unpaid medical debt is not differentiated from other forms of collections or debt such as credit card balances or personal loans on a consumer credit report. This can overlook the unique aspects of medical debt and exponentiate the effects medical debt can have on an individual's consumer credit report and rating.

Recognition of the deleterious impact medical debt has on individual creditworthiness has grown at the national level and even among credit reporting agencies in recent years. The CFPB issued a series of final rules in 2021, requiring debt collectors to notify a consumer about medical debt before reporting the debt to a consumer reporting agency.[5] In 2022, the largest national credit reporting agencies (NCRAs) announced voluntary changes to credit reporting processes, including the postponement of including medical collections on a consumer report for up to one year, the elimination of paid medical collections from consumer reports, and that medical collections of less than $500 would not be included in consumer reports.[6] As a result, in 2022, over 15 million consumers had their medical debt erased from their credit reports and over 27 million adults saw their credit rating improve from a subprime level (below 600) to near prime level (between 601 and 660).[7] However, there are loopholes on how medical debt can affect individual creditworthiness, especially in applications for government subsidized mortgages, which utilize less modern forms of credit determination that do not incorporate these recent changes. Additionally, recent changes in the federal government have curtailed the ability of agencies such as the CFPB to enact or enforce measures to protect individuals with medical debt. And the credit reporting agencies' voluntary actions can be withdrawn at any time. Senate Bill 0614 represents a timely, critical step for the General Assembly to ease the burden of medical debt off the shoulders of all Marylanders, protect patients from the outsized economic effects medical debt can have outside of healthcare settings, and ultimately help nurture the physical and economic health of all.

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[3] National Nurses United, *Preying On Patients: Maryland's Not-for-Profit Hospitals and Medical Debt Lawsuits*, (February, 2020), https://www.nationalnursesunited.org/sites/default/files/nnu/graphics/documents/0220_JHH_PreyingOnPatients_Report.pdf.
[4] CFPB, *supra* note 2.
[5] 12 C.F.R. 1006.30(a).
[6] PR Newswire, *Equifax, Experian and TransUnion Remove Medical Collections Debt Under $500 From U.S. Credit Reports*, (April 11, 2023), https://www.prnewswire.com/news-releases/equifax-experian-and-transunion-remove-medical-collections-debt-under-500-from-us-credit-reports-301793769.html.
[7] The Urban Institute, *Medical Debt Was Erased from Credit Records for Most Consumers, Potentially Improving Many Americans' Lives,* (November 2, 2023), https://www.urban.org/urban-wire/medical-debt-was-erased-credit-records-most-consumers-potentially-improving-many.

Byron Cheung
Public Health Law Clinic
University of Maryland Carey School of Law

500 W. Baltimore St.
Baltimore, MD 21301
publichealth@law.umaryland.edu

Conclusion

SB 0614 by itself will not solve medical debt issues or the high costs of healthcare. However, in the face of stalled patient and consumer protective actions at the federal level, the General Assembly can proactively implement measures to safeguard creditworthiness, economic livelihoods, and general wellbeing for all Marylanders. For these reasons, we request a favorable report on SB 0614.

This testimony is submitted on behalf of the Public Health Law Clinic at the University of Maryland Carey School of Law and not by the School of Law, the University of Maryland, Baltimore, or the University of Maryland System.

SB0614_Fair_Medical_Debt_Reporting_Act_MLC_FAV.pdf
Uploaded by: Cecilia Plante
Position: FAV

TESTIMONY FOR SB0614

Consumer Protection – Credit Reporting – Medical Debt (Fair Medical Debt Reporting Act)

Bill Sponsor: Delegate Palakovich-Carr
Committee: Economic Matters
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Cecilia Plante, co-chair
Position: FAVORABLE

I am submitting this testimony in favor of SB0614 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of individuals and grassroots groups with members in every district in the state. We have over 30,000 members across the state.

Health care bills, and especially hospital bills can drive people into bankruptcy very quickly. It is hard enough for people who have few resources and have to work multiple jobs to make a living to pay off such large debts, and those debts come back around to harm them even more because consumer reporting agencies report them to potential creditors.

This bill will prohibit consumer reporting agencies to include medical debt in their reports. Additionally, no one can use medical debt information included in a consumer report to make a determination regarding the credit-worthiness of the consumer. Hospitals and other medical creditors should be setting up payment plans that allow low-income and struggling residents pay off their debt. Those debts should not preclude the person who has the debt from getting credit.

The Maryland Legislative Coalition supports this bill and we recommend a **FAVORABLE** report in Committee.

IL Written Testimony - SB 614 - Favorable.pdf
Uploaded by: Chris Kelter
Position: FAV

SB 614: Consumer Protection - Credit Reporting - Medical Debt

(Fair Medical Debt Reporting Act)

Testimony of the Maryland Independent Living Network

SUPPORT – Favorable

Senate Finance Committee, February 20, 2025

The Maryland Independent Living Network is a coalition of the Maryland Statewide Independent Living Council and the seven Maryland-based Centers for Independent Living (CIL). CILs are created by federal law. CILs work to enhance the civil rights and quality of services for people with disabilities. There are seven CILs located throughout Maryland, operated by and for people with disabilities. CILs provide Information and Referral, Advocacy, Peer Support, Independent Living Skills training, and Transition Services to individuals with disabilities in their communities.

The Independent Living Network submits this written testimony in **support** of SB 614.

SB 614 prevents consumer reporting agencies from including medical debt on credit reports and stops health care providers from reporting medical debt to credit bureaus. This bill is key for protecting Maryland residents, particularly those in vulnerable communities like people with disabilities, low-income families, and individuals with chronic health conditions.

Medical debt is not a choice. It can result from emergency situations or unexpected medical needs. For many Marylanders, this type of debt can be devastating, leading to years of financial hardship. Debt collection practices can make a tricky situation even worse.

People with disabilities and chronic illnesses often have ongoing medical needs, and they are disproportionately affected by medical debt. The Consumer Financial Protection Bureau (CFPB) reports that medical debt is the most common type of debt on credit reports. Black and brown communities, seniors on fixed incomes, and veterans are hit hardest. With the CFPB currently shut down, it is even more urgent that Maryland protects residents from these harmful practices.

Unfortunately, hospitals in Maryland have been suing patients, garnishing wages, and seizing assets from people already struggling. This is unfair and harmful, especially for those who are simply trying to recover their health.

SB 614 prevents medical debt from appearing on credit reports and stops harmful collection actions. It will give people the chance to recover from illness or injury without the added stress of financial ruin.

Nobody chooses to have medical debt. It's time for Maryland to act and protect patients from predatory financial practices and ensure that Marylanders are not financially exploited.

We appreciate the consideration of these comments.

The Maryland Independent Living Network strongly **supports** SB 614 and requests a favorable vote.

Contact Information:

Chris Kelter, Executive Director
Accessible Resources for Independence
443-713-3914
ckelter@arinow.org

Danielle Bustos, MDYLF Coordinator
Independence Now
240-898-2189
dbustos@innow.org

SB 614 - Consumer Protection - Credit Reporting -
Uploaded by: Donna Edwards
Position: FAV

MARYLAND STATE & D.C. AFL-CIO
AFFILIATED WITH NATIONAL AFL-CIO
7 School Street • Annapolis, Maryland 21401-2096
Balto. (410) 269-1940 • Fax (410) 280-2956

President
Donna S. Edwards

Secretary-Treasurer
Gerald W. Jackson

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

SUPPORT

Donna S. Edwards
President
Maryland State and DC AFL-CIO

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 614. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

There is an urgent need to adopt consumer protection measures for medical debt on the state level. Nine states, including California, Illinois, New York and New Jersey have enshrined the Fair Medical Debt Reporting Act into law with Virginia adopting its own version in 2024.

SB 614 is essential for protecting consumers by 1) prohibiting consumer reporting agencies from including medical debt in credit reports, 2) ensuring creditworthiness is judged fairly, and 3) preventing hospitals, healthcare providers, and ambulance services from disclosing any portion of medical debt to a consumer reporting agency.

These protections are more important than ever as the federal Consumer Financial Protection Bureau finalized a rule that would have applied the Fair Medical Debt Reporting Act nationwide. However, this rule, which was set to take effect in March 2025, was stopped by the new Administration.

No one plans for a major life emergency yet medical debt can wreak havoc on credit reports and scores, providing obstacles in applying for loans, housing and jobs, and threatening financial security. Individuals should not face long-term financial consequences for seeking necessary medical treatment.

This legislation promotes economic stability and uplifts people rather than forcing them to bear the costs of our healthcare system and unjust medical debt practices.

For these reasons, we urge a favorable report on SB 614.

testimony2025sb614.pdf
Uploaded by: Franz Schneiderman
Position: FAV

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the Senate Finance Committee
SB 614 – Consumer Protection– Credit Reporting – Medical Debt
Position: Favorable

The Honorable Pam Beidle Feb. 20, 2025
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

Honorable Chair Beidle and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers.

We support **SB 614** because it will protect Maryland consumers from suffering serious (and often unfair) harm to their credit records as a result of medical debts.

Although research has shown that difficulty paying medical debts has relatively little value as a predictor of future financial or other behavior, those problems can have a serious impact on a consumer's access to credit or a mortgage, on how much they will pay for insurance or a car loan, and even their ability to rent a home or get a job. And with federal efforts to protect consumers against such impacts receding, it's especially important that Maryland establish new safeguards.

As a result of the high cost of medical care, medical debt has become shockingly common -- and not just among low-income or uninsured Americans. Recent estimates find that U.S. consumers owe at least $195 billion in medical debt.[1] An extensive Kaiser Family Foundation (KFF) survey published in 2022 found that 41% of U.S. adults had medical debt and 24% reported being unable to pay that debt. One in seven adults said they had been denied care by another medical provider because of outstanding medical debt. [2]

Medical debt is significantly different from other debt – in ways that make its impact on our credit records more unfair than other debt issues. Unlike other financial liabilities, medical debt is a burden no one wants and almost no one chooses to take on voluntarily. Indeed 72% of those with such debts told KFF they were prompted by a single unfortunate medical issue or a short-term problem. [3] And with the cost of even a few days in the hospital now likely to be well in excess of $10,000 – and much greater bills sure to come if you or a family member develops a truly serious health problem -- a single illness can easily leave even a middle-income or more prosperous family with decent health insurance unable to pay all their medical bills. Studies have also found that

[1] https://www.marylandmatters.org/2022/08/29/new-safeguards-in-maryland-and-other-states-may-help-those-who-are-drowning-in-medical-debt/
[2] https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/
[3] Ibid.

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

medical debts reported to credit bureaus are more likely than other debts to be inaccurate and in many cases are unknown to consumers until they appear on their credit reports.

Yet these problematic debts have long plagued consumer credit reports. As recently as early 2022, the Consumer Financial Protection Bureau (CFPB) found that medical collections represented a majority of collections "tradelines" on consumer credit reports.[4] And their outsized role in consumer credit rating is particularly troubling as the bureau's own 2014 study indeed found that "the presence of medical collections tradelines on consumer reports is less predictive of future defaults or serious delinquencies than the presence of nonmedical collections tradelines."[5]

Now some useful reforms have eased the impact of medical debt in recent years. Under regulatory pressure from the Biden administration, the leading credit bureaus in 2022 agreed, for instance, to remove certain information about medical debts from credit reports (including data on debts under $500) and increase the grace period for reporting unpaid medical debts.[6] That change significantly reduced the presence of medical debt in our credit reports

Further relief appeared to be at hand when, after years of study and comment periods on further reforms, on Jan. 7 CFPB finally announced new rules that promised to prohibit the inclusion of medical bills on credit reports and prevent lenders from using medical information in credit decisions. The bureau estimated that its new regulation would remove another $49 billion in medical debts from the credit records of 15 million Americans – improving their credit scores by an average of 20 points – and leading to about 22,000 additional mortgage approvals/year. [7]

Sadly, that final rule (like other CFPB actions) has now been put on hold by the new Trump administration – and likely will never take effect.[8] And with the new administration likely backing off regulatory pressure on the credit bureaus, we may wonder how long the reforms announced in 2022 will continue to be in effect.

This makes it all the more important for Maryland to act quickly and strongly to protect the many thousands of Marylanders who still have outstanding medical debt on their credit reports. **SB 614** offers us a great opportunity to do so. Among other key consumer protections, the bill will prohibit:

- Consumer Reporting Agencies from reporting or maintaining any files containing adverse information or collection activity related to medical debts.
- Lenders and others from using medical debt data to determine eligibility for credit.

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[4] https://www.federalregister.gov/documents/2024/06/18/2024-13208/prohibition-on-creditors-and-consumer-reporting-agencies-concerning-medical-information-regulation-v
[5] Ibid.
[6] https://www.urban.org/urban-wire/medical-debt-was-erased-credit-records-most-consumers-potentially-improving-many
[7] https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-to-remove-medical-bills-from-credit-reports/
[8] https://www.theguardian.com/us-news/2025/feb/04/medical-debt-reform-trump

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13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

- Hospitals and other health care facilities from disclosing medical debt information to a credit reporting agency.

It would also require health care facilities to make any debt collectors they work with pledge not to share such information – and void any contract that fails to do so.

In 2023 and 2024 eight states acted to protect consumers against the unfair harm medical debt can do to their credit record and their financial lives by prohibiting medical debts from appearing on credit records (including New York, California and Colorado).[9]

Maryland needs to step up and provide similar protections by passing **SB 614**.

We support SB 614 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

[9] https://www.federalregister.gov/documents/2024/06/18/2024-13208/prohibition-on-creditors-and-consumer-reporting-agencies-concerning-medical-information-regulation-v

SB614_FIN_Morgan_FAV..pdf
Uploaded by: Karen Morgan
Position: FAV

AARP Maryland

One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpmd
facebook.com/aarpmd

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**.

sb614 medical debt FIN 2-20-2025.pdf

Uploaded by: Lee Hudson

Position: FAV

Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony Prepared for the

Finance Committee

on

Senate Bill 614

February 20, 2025

Position: **Favorable**

Mr. Chairman and members of the Committee, thank you for the opportunity to speak for access to health care in Maryland. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America, a faith community with congregations in every region of our State.

Our community has advocated for access to appropriate, adequate, and affordable health care for all people in the United States and its territories since 2003.

Affordable health care remains an elusive policy goal, despite all that Maryland and a clutch of its state colleagues have done to advance access. Medical debt is common enough in the public context that it is still a leading cause of bankruptcy.

Senate Bill 614 will lower the risks from debt-by-illness by preventing it from cascading into food, housing, and other necessities of living in this society. That being ill should equate to homelessness, for example, strikes us as exactly the reason we need to remain committed to access for all people.

We regard this bill as being necessary for a humane and just society. We urge your favorable report for **Senate Bill 614**.

Lee Hudson

5699 Meridale Rd. Baltimore, MD 21228 410-230-2860 800-869-5492 fax 410-230-2871

2025 MCHS SB 614 Senate Side.pdf
Uploaded by: Michael Paddy
Position: FAV

Maryland Community Health System

Bill Number: **Senate Bill 614 – Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)**

Committee: **Senate Finance Committee**

Hearing Date: **February 20, 2025**

Position: **Support**

The Maryland Community Health System (MCHS) strongly supports *Senate Bill 614 – Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act).* The bill prohibits consumer reporting agencies from using certain medical debt information.

Maryland Community Health System is a network of federally qualified health centers providing primary, behavioral, and oral health services to underserved communities. We are deeply concerned about the impact of medical debt on the people we serve. Our health enters serve all community members, regardless of their ability to pay. By providing services on a sliding fee scale, our lowest income clients get services for free. However, clients who need follow-up care with specialists may have to go into debt to obtain needed healthcare services. Our patients should not have to choose between healthcare, rent, food, or utilities. This legislation will help them by protecting their credit scores from the impact of medical debt.

We ask for a favorable report. If we can provide additional information, please contact Robyn Elliott at relliott@policypartners.net.

2025 MdAPA SB 614 Senate Side.pdf
Uploaded by: Michael Paddy
Position: FAV

The Maryland Academy of Physician Assistants

mdapa

To: **Senate Finance Committee**

Bill: **Senate Bill 614 – Consumer Protection – Credit Reporting – Medical Debt (Fair Medical Debt Reporting Act)**

Date: **February 20, 2025**

Position: **Favorable**

The Maryland Academy of Physician Assistants (MdAPA) strongly supports Senate Bill 614 – *Consumer Protection – Credit Reporting – Medical Debt (Fair Medical Debt Reporting Act).* The bill protects consumers by restricting the use of medical debt in rating consumers in credit reports.

MdAPA is committed to making sure all Marylanders can access needed healthcare services. Many Marylanders have high-deductible health plans. Even though they have insurance, they may have to spend up to $5,000 before coverage is provided for some services, particularly specialty care. Fear of medical debt keeps people from accessing needed services in a timely manner. This legislation will help ease their fears by ensuring their credit rating will not be impacted by medical debt.

We ask for a favorable with amendment report. If we can provide any further information, please contact Robyn Elliott at relliott@policypartners.net.

Testimony in support of SB0614 - Consumer Protecti
Uploaded by: Richard KAP Kaplowitz
Position: FAV

SB0614_RichardKaplowitz_FAV
02/20/2025

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#/0614 – FAVORABLE

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

TO: Chair Beidle, Vice Chair Hayes and members of the Finance Committee
FROM: Richard Keith Kaplowitz

My name is Richard K. Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#0614, **Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)**

The intent of the Fair Medical Debt Reporting Act is the promotion of fair credit practices by protecting consumers from the adverse effects of medical debt on their credit reports. The bill helps ensure medical debt does not disproportionately affect individuals' ability to access credit and financial opportunities, which would compound the impact of a health event.

The Consumer Financial Protection Bureau was prepared to take action on this problem before Elon Musk destroyed the agency. On January 7, 2025 the bureau declared: [1]

> The Consumer Financial Protection Bureau (CFPB) finalized a rule that will remove an estimated $49 billion in medical bills from the credit reports of about 15 million Americans. The CFPB's action will ban the inclusion of medical bills on credit reports used by lenders and prohibit lenders from using medical information in their lending decisions. The rule will increase privacy protections and prevent debt collectors from using the credit reporting system to coerce people to pay bills they don't owe. The CFPB has found that medical debts provide little predictive value to lenders about borrowers' ability to repay other debts, and consumers frequently report receiving inaccurate bills or being asked to pay bills that should have been covered by insurance or financial assistance programs.
>
> "People who get sick shouldn't have their financial future upended," said CFPB Director Rohit Chopra. "The CFPB's final rule will close a special carveout that has allowed debt collectors to abuse the credit reporting system to coerce people into paying medical bills they may not even owe."

Maryland needs to act where the Federal Government has abdicated their role in protection of consumer rights. This bill will prohibit a consumer reporting agency from furnishing any consumer report containing certain adverse information relating to a consumer's medical debt, or any collection action against a consumer for medical debt, or maintain a file on a consumer related to medical debt or collections. It will further protect consumers by prohibiting a person from using medical debt information from a consumer report for certain purposes. It also places restrictions on health care providers aiding the reporting of medical debt to the consumer reporting agencies through prohibiting a health care facility, a health care practitioner, or an ambulance service from disclosing medical debt to a consumer reporting agency.

I respectfully urge this committee to return a favorable report on SB#0614.

[1] https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-to-remove-medical-bills-from-credit-reports/#:~:text=The%20CFPB's%20research%20reveals%20that,would%20be%20able%20to%20repay.

2025 ACNM SB 614 Senate Side.pdf
Uploaded by: Robyn Elliott
Position: FAV

AFFILIATE OF

AMERICAN COLLEGE of NURSE-MIDWIVES

With women, for a lifetime®

Committee: **Senate Finance**

Bill Number: **Senate Bill 614 – Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)**

Hearing Date: **February 20, 2025**

Position: **Support**

The Maryland Affiliate of the American College of Nurse Midwives (ACNM) supports *Senate Bill 614 – Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)*. The bill would protect consumers by prohibiting medical debt from impacting credit scores.

ACNM is concerned about the increase in the number of people covered by high deductible health plans. According to KFF, the percentage of people with insurance and who have high deductible plans has increased from 20% to 29% between 2013 and 2023.[i] People with high-deductible plans may have to spend as much as $5,000 before gaining coverage for many types of healthcare services, particularly specialty care. Consumers who cannot afford their deductibles may have to go into debt to afford their healthcare services. ACNM wants to ensure that they do not forgo needed healthcare services out of fear of the impact on their credit ratings. People with low credit ratings can struggle to find housing to rent or purchase transportation.

We ask for a favorable report. If we can provide any further information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

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[i] https://www.kff.org/report-section/ehbs-2023-section-8-high-deductible-health-plans-with-savings-option/

2.18 - SB 614 - Consumer Protection - Credit Repor

Uploaded by: Tonaeya Moore

Position: FAV

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

Chair Beidle, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 614. 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 SB 614.

Creating Assets, Savings and Hope

575 S. CHARLES STREET SUITE 500 BALTIMORE, MD 21201 TEL: 443-692-9487 FAX: 410-234-8929 CASHMD.ORG

SB 614.pdf
Uploaded by: William Steinwedel
Position: FAV

Senate Bill 614– Consumer Protection – Credit Reporting – Medical Debt (Fair Medical Debt Reporting Act)
Hearing on February 20, 2025 – Finance Committee
Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 614 in response to a request from Senator Clarence Lam.

Maryland Legal Aid (MLA) appreciates the opportunity to testify in support of this vital legislation. We are the state's largest nonprofit law firm, representing thousands of low-income Marylanders every year in matters related to housing, foreclosure, family law, social security and public benefits. Because SB 614 eliminates credit reporting in connection with medical debt, MLA testifies in strong support of this bill.

Generally medical debt is the result of something that was beyond the person's control and certainly not something that a person voluntarily takes on. This type of debt includes not only the services of a medical provider but charges for medications, ambulance services, and medical equipment. MLA clients have experienced massive medical bills that resulted from car accidents, workplace accidents, and simple bad luck. In addition, while the number of insured citizens has grown in the last decade, a lot of Marylanders remain without health insurance or health coverage, and these debts can result from simply a lack of adequate insurance. Marylanders, especially low-income Marylanders, should not suffer the additional consequence of bad credit simply because of a medical bill that was beyond their control.

It is already difficult for MLA clients to obtain housing because the prospective landlords collect credit information on them. Preventing credit reporting agencies from reporting medical debts will assist low-income homeowners in qualifying for housing and for credit. Prospective landlords and other creditors will not be able to use a debt that was likely out of the control of the debtor as a factor is determining approval for credit and housing.

A few weeks ago, SB 614 was likely unnecessary, as the Consumer Financial Protection Bureau proposed a rule that would have banned medical debt from being credit reported nationwide[1]. Unfortunately, that regulation has now been put on hold on the federal level. Therefore, Maryland should now pass this legislation to protect its citizens from medical debts reporting that is beyond their control and results in a lowered credit score.

[1] https://www.npr.org/sections/shots-health-news/2025/01/07/nx-s1-5251282/medical-debt-credit-score-cfpb-rule.

This bill prevents medical debts from being reported on credit reports for Marylanders. MLA strongly supports SB 614. If you need additional information about this bill, please contact William Steinwedel at wsteinwedel@mdlab.org and (410) 951-7643.

SB614 Credit Reporting - Medical Debt LOSWA FINAL.

Uploaded by: Irnise Williams

Position: FWA

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
HEALTH EDUCATION AND ADVOCACY UNIT

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

PETER V. BERNS
General Counsel

CHRISTIAN E. BARRERA
Chief Operating Officer

IRNISE F. WILLIAMS
Assistant Attorney General

February 18, 2025

TO: The Honorable, Pamela Beidle, Chair
Senate Finance Committee

FROM: Irnise F. Williams, Deputy Director, Health Education and Advocacy Unit

RE: Senate Bill 0614- Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)- **SUPPORT WITH SPONSOR AMENDMENTS**

The Health Education and Advocacy Unit (HEAU), supports Senate Bill 614, with the sponsor's amendment of the definition of medical debt and the removal of provisions in the hospital financial assistance and debt collection statutes that become obsolete with the passage of this bill. This bill will protect Marylanders from the burdens of having medical debt on their consumer reports, making it easier for them to get jobs, secure credit, secure housing and build long-term wealth.

The Consumer Financial Protection Bureau's (CFPB) research reveals that a medical bill on a person's credit report is a poor predictor of whether the person will repay a loan. Among consumers who report problems paying medical bills, 66% acquired their debt because of a one- time short term expense arising from an acute medical need.[1] The CFPB also reported that debt collectors were using the credit reporting system to coerce payment from patients for inaccurate for otherwise false and misleading medical bills.

The Health Education and Advocacy Unit assists consumers who reach out to us when they receive collection notices for bills, they don't believe they are responsible for paying. Many of these consumers choose to pay the bill to avoid adverse credit reporting even though:

- the provider is improperly balance billing the consumer;
- the bill is for services that are subject to an open appeal of a carrier's adverse decision;

[1] Consumer Financial Protection Bureau, *Complaint Bulletin: Medical billing and collection issues described in consumer complaints* (April 2022), https://www.consumerfinance.gov/data-research/research-reports/complaint-bulletin-medical-billing-and-collection-issues-described-in-consumer-complaints/

- the bill has already been paid;
- the bill is for services never performed by the provider; or
- the consumer is eligible or hospital financial assistance.

For these reasons, and others, the CFPB finalized a rule in January that would remove an estimated $49 billion in medical bills from the credit reports of about 15 million Americans. This rule also bans the inclusion of certain medical debt on credit reports and prohibits lenders from using medical information in their lending decisions. This rule currently faces legal challenges, and it is unclear if the CFPB will defend the rule. Accordingly, and even before the legal challenges, states were being encouraged by the CFPB to create state laws that extend or bolster federal protections, noting that the Fair Credit Reporting Act does not preempt state laws that impose additional requirements on consumer reports. Numerous states, including California, Colorado, New York, Massachusetts, Washington, Oregon and South Dakota have enacted or have introduced bills that would ban medical debt from being included on credit reports or factored into credit scores.

Ensuring that Marylanders can continue to be protected from the burden of medical debt on their credit reports will extend the opportunity for consumers to be able to access financial options for their future, improve healthcare access and continue to improve credit scores.

We urge a favorable report on Senate Bill 614.

cc: The Honorable Clarence K. Lam

MD SB 614 HB 1020.pdf
Uploaded by: Diana Macon
Position: UNF

February 5, 2025

Memorandum in Opposition MD SB 614/HB 1020

On behalf of PRA Group, Inc. and its wholly-owned subsidiaries (collectively, "PRA"), I am writing to express our opposition to the medical debt legislation proposed in Maryland SB 614 and HB 1020 ("SB 614" & "HB 1020"). While the rationale for the bill is understandable, as written, this bill will have an unintended negative impact to consumers.

PRA is a publicly-traded company that, through its subsidiaries, purchases portfolios of consumer receivables from major banks. PRA partners with individuals as they repay their obligations, working toward financial recovery. We work with consumers to resolve their obligations and typically offer a discount on the face value of the debt. In addition, we typically charge no interest or fees on debt we purchase domestically. PRA is also a willing participant to any action that combats unethical behavior that harms consumers and legitimate businesses.

THE DEFINITION OF MEDICAL DEBT IS TOO BROAD

We applaud this legislature's efforts to assist consumers undergoing difficult times due to expensive medical bills from hospitals and health care service providers. However, the definition of medical debt used in the bill is too broad and will create vast unintended consequences. Respectfully, the definition of medical debt must be amended to clarify that medical debt is debt owed directly to a health care facility or health care provider. Without this amendment, purchases for goods or services not traditionally considered to be "medical debt" such as a gym equipment, Botox and hair implants and charged to a credit card will be swept up into the bill's coverage.

THE DEFINIITION OF MEDICAL DEBT SHOULD MIRROR THE DEFINTION UTILIZED BY THE CONSUMER FINANCIAL PROTECTON AGENCY IN ITS FINAL RULE ON MEDICAL DEBT

PRA respectfully recommends that the legislature look to the Biden/Harris Administration for guidance on the issue of medical debt. The Consumer Financial Protection Agency ("CFPB") finalized its rule on medical debt on January 7, 2025. In the final rule, the CFPB adopted the following definition, which clarifies that medical debt is debt owed directly to a medical service provider:

> **"Medical debt information means medical information that pertains to a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to such person's agent or assignee, for the provision of such medical services, products, or devices. Medical debt information includes but is not limited to medical bills that are not past due or that have been paid."**

The CFPB extensively studies the impact of medical debt on consumers and the definition represents the work product of an entire team of economists and attorneys who research proposed rules in advance of the proposals to ensure that they do not conflict with existing laws and regulations and do not disrupt the larger financial ecosystem. The CFPB's rulemaking process is further informed by public input, including field hearings, consumer and industry roundtables, advisory bodies, and in some cases, small business review panels. When proposing rules, the CFPB assesses the benefits and costs of the regulations they are considering for consumers and financial institutions.

The CFPB's proposed rule takes an academic, well researched approach to the issue of medical debt and more narrowly tailors the definition of medical debt to only debts owed to a medical service provider – it does not include credit cards. As such, it avoids the unintended consequences to consumers and the economy that the current definition used in MD SB 614 and HB 1020 presents.

This definition was also adopted in the 2024 legislative session by California, in a very similar bill, CA SB 1061.

PRA urges the adoption of the CFPB's definition, as it will still provide all of the protections for consumers faced with crippling medical debt intended by the bill's proponents, while avoiding unintended consequences that the legislation currently presents.

This issue is a priority for our industry and for our company and PRA stands ready to work with the sponsor in any way we can to create a better outcome.

Thank you very much for your attention in this important matter. Please feel free to contact me directly if we may be of assistance.

Best regards,

Elizabeth Kersey
Senior Vice-President, Communications and Public Policy
PRA Group, Inc.
150 Corporate Boulevard
Norfolk, VA 23502
Elizabeth.Kersey@PRAGroup.com
(757) 961-3525 (office)
(757) 641-0558 (mobile)

SB0614 - MBA - UNF - GR25.pdf
Uploaded by: Evan Richards
Position: UNF

MARYLAND BANKERS ASSOCIATION

SB 614 - Consumer Protection - Credit Reporting - Medical Debt
(Fair Medical Debt Reporting Act)
Committee: Senate Finance Committee
Date: February 20, 2025
Position: Unfavorable

The Maryland Bankers Association (MBA) **OPPOSES** SB 614, which prohibits a consumer reporting agency from providing a report or maintaining a file that contains a consumer's medical debt. The legislation also prohibits the use of medical debt included in a consumer report in a determination of a consumer's creditworthiness.

In 2003, Congress passed the Fair and Accurate Credit Transactions Act, otherwise knows as FACTA. FACTA protects a creditor's right to obtain medical debt information when determining the creditworthiness of a potential borrower. The Consumer Financial Protection Bureau finalized a rule last month overturning that protection, but the CFPB put the rule on hold after a lawsuit was filed in the U.S. District Court for the Eastern District of Texas.

When banks determine a potential borrower's creditworthiness, they rely on reports developed by consumer reporting agencies to provide accurate information on outstanding debts and payment history. Having access to information on all debts, no matter the source, helps lenders understand a potential borrower's credit risk and ability to repay. Without knowing the full extent of a borrower's debts, lending practices will be altered in a way that ultimately reduces access to credit.

Accordingly, MBA urges issuance of an **UNFAVORABLE** report on SB 614.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding more than $194 billion in deposits in almost 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.

2025 - MDDCCBR - OPP TO SB614-HB1020 - Medical Deb
Uploaded by: Scott Peters
Position: UNF

MARYLAND/DC
CREDITORS BAR ASSOCIATION, INC.

2/14/25

CONCERNS WITH SB614/HB1020
CONSUMER PROTECTION –CREDIT REPORTING-MEDICAL DEBT
(FAIR MEDICAL DEBT REPORTING ACT)

The Maryland/DC Creditors Bar Association is an organization comprised of 53 member law firms. Member law firms strive to ethically represent the interests of our clients.

The Maryland/DC Creditors Bar appreciates the relief sought in SB619/HB1020 which is to protect consumers' credit reports/scores from being negatively impacted as a result of unexpected medical debt. However, the definition of Medical Debt in SB619/HB1020 is too broad and will encompass other credit products. Furthermore, other bills (SB349/HB429) introduced this session also contain a definition of Medical Debt that differs from the definition in SB619/HB1020. The definition of Medical Debt should be uniform to avoid unintended consequences.

THE DEFINITION OF MEDICAL DEBT IS TOO BROAD

The definition of Medical Debt in SB614/HB1020 is too broad and will create unintended consequences. The definition of Medical Debt should be amended to clarify that Medical Debt is debt owed directly to a health care facility or health care provider. Absent this clarification, items charged to a credit card for "Medical Debt" such as elective procedures (i.e. cosmetic procedures) or the purchase of exercise equipment would be included in the definition of Medical Debt.

The Creditors Bar suggests the following definition of Medical Debt as defined by the Consumer Financial Protection Bureau in its finalized rule on Medical Debt dated January 7, 2025. This definition was adopted in the State of California in a similar bill (CA SB 1061) during its 2024 legislative session.

"Medical debt information means medical information that pertains to a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to such person's agent or assignee, for the provision of such medical services, products, or devices. Medical debt information includes but is not limited to medical bills that are not past due or that have been paid."

The CFPB proposed rules takes an academic and well researched approach to the issue of Medical Debt and specifically states Medical Debt is owed to a medical service provider and it does NOT include debt on a credit card.

The Maryland/DC Creditors Bar Association urges the adoption of the CFPB's definition of Medical Debt which will provide the intended protections of SB614/HB1020 but will avoid the unintended consequences that will be created by the current definition.

Thank you for your intention to this matter. Please feel free to contact me with any questions or if I may be of assistance.

Scott E. Peters, Esquire
Maryland/DC Creditors Bar Association
888-768-2280 x286
Speters@KPDLawGroup.com

SB614 CDIA Testimony - Opposed.pdf

Uploaded by: Zachary Taylor

Position: UNF

Consumer Data Industry Association
1090 Vermont Ave., NW, Suite 200
Washington, D.C. 20005-4905

P 202 371 0910

CDIAONLINE.ORG

February 20, 2025

Senator Pamela Beidle
Chair
Senate Finance Committee
Maryland Senate
3 East Miller Senate Office Building
Annapolis, Maryland 21401

Chair Beidle, Vice Chair Hayes, and Members of the Committee:

On behalf of the Consumer Data Industry Association (CDIA), I write to respectfully oppose SB 614, which prohibits a consumer reporting agency (CRA) from including medical debt in a consumer report, furnishing any consumer report that includes information related to a medical debt, or otherwise maintaining information related to medical debt, as well as prohibiting providers and collectors from furnishing information related to medical debt to CRAs.

CDIA, founded in 1906, is the trade organization representing the consumer reporting industry, including agencies like the three nationwide credit bureaus, regional and specialized credit bureaus, background check companies and others. CDIA exists to promote responsible data practices to benefit consumers and to help businesses, governments, and volunteer organizations avoid fraud and manage risk.

While CDIA and its members recognize the concerns related to medical debt underpinning SB 614, the proposal is preempted by the Fair Credit Reporting Act (FCRA), which prohibits any state legislation that attempts to limit or prohibit the inclusion of medical debt in a consumer report or limit or prohibit the furnishing of medical debt information to a consumer reporting agency.

The FCRA provides important and necessary protections for consumers, lenders, government agencies, law enforcement, volunteer organizations, and businesses who rely on full, complete and accurate consumer reports to make informed decisions and manage risk. State legislation like SB 614 can undermine the accuracy and reliability of consumer reports, risking unintended consequences for all Marylanders. Only national, uniform standards can achieve the dual goals of protecting consumers and maintaining accurate credit reports, which is why CDIA must respectfully oppose proposals like SB 614 that conflict with the federal FCRA.

The FCRA regulates the contents of consumer reports and the obligations of furnishers in reporting data to consumer reporting agencies at 15 USC §1681c and 15 USC §1681s-2, respectively. Congress, recognizing the importance of a single, national standard, also limited states' capacity to regulate the consumer reporting system. This includes preempting, at 15 USC §1681t(b)(1)(E) and 15 USC §1681t(b)(1)(F), respectively, any state legislation that limits or prohibits the kind of information that can go on a credit report or attempts to limit or prohibit the furnishing of medical debt information to a consumer reporting agency.

While SB 614 may be preempted by the FCRA, CDIA and its members acknowledge that medical debt is distinct from other types of consumer debt. As such, we wish to highlight how the national credit bureaus have adopted uniform procedures as it relates to medical debt and consumer reports that afford consumers increased time and flexibility to address unexpected bills with their insurance and healthcare providers.

First, unpaid medical debts must be more than $500 and outstanding for more than 365 days before any of the three national credit bureaus will show the account in a consumer report. For unpaid amounts greater than $500 and more than 365 days past due, upon repayment of outstanding amounts, these accounts are removed immediately from a consumer's report, unlike other debts.

The yearlong grace period provides consumers ample time to work with providers and insurers to correct any errors on a bill, pay the bill or get an insurance company to pay it, figure out a payment plan or otherwise resolve the problem and avoid having unpaid debts reach collections and appear on credit reports.

Second, amounts less than $500 are no longer included by the credit bureaus or reported to them by collections agencies. For consumers with outstanding medical debts less than $500, those accounts have been removed from their reports. Taken altogether, these changes to how CRAs handle medical debt reporting have removed a substantial majority of medical debts from consumer reports.

Finally, credit scoring models have changed how they consider medical debt, eliminating or reducing how it affects a consumer's score. For example, the Vantage Score 3.0 and 4.0 models ignore medical accounts in collections altogether.

While concerns regarding medical debt and the impact of unpaid debts on consumers are understandable, proposals like SB 614 that attempt to exclude medical debts from the consumer reporting system do not address the underlying concerns about the costs of medical care. With that in mind, we respectfully request that the committee reject SB 614 as it is inconsistent with 15 USC §1681c and 15 USC §1681s-2 and thus is preempted by 15 USC §1681t(b)(1)(E) and 15 USC §1681t(b)(1)(F).

Thank you for your time and consideration.

Sincerely,

Zachary W. Taylor
Director, Government Relations
Consumer Data Industry Association

SB614 - FIN - HSCRC - LOI.pdf
Uploaded by: State of Maryland (MD)
Position: INFO

maryland
health services
cost review commission

February 14, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 614 - Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act) – Letter of Information

Dear Chair Beidle and Committee Members:

The Health Services Cost Review Commission (HSCRC) submits this letter of information for Senate Bill (SB) 614 titled, "Consumer Protection - Credit Reporting - Medical Debt (Fair Medical Debt Reporting Act)."

SB 614 prohibits people from using information on medical debt information in consumer reports to make a determination of the creditworthiness of a consumer. In addition, this bill prohibits a health care facility (including a hospital), a health care practitioner, or an ambulance service from disclosing medical debt to a consumer reporting agency. Health care facilities (including a hospital), health care practitioners, or ambulance services are also required to include a term in contracts with collection entities to prohibit the disclosure of medical debt information to a consumer reporting agency by the collection entity.

Hospital Reports to Consumer Reporting Agencies

Maryland law sets limitations on how hospitals can collect debts owed by patients (Health General §19-214.2, Maryland Code). This law contains provisions related to credit reporting (see attachment). SB 614 will provide broader consumer protections from hospital medical debt than current law.

Hospitals and Debt Collectors

Under existing Maryland Law, hospitals are not allowed to sell debt to collection entities (i.e. debt collectors). This prohibition was intended as a patient protection, to ensure that hospitals cannot sell debt to debt collectors to avoid patient protections established in

Maryland law. If hospitals use debt collection entities to help them with debt collection, the debt collector must follow the same statutory rules that apply to the hospital. This is similar to the requirements of SB 614.

National Changes to Medical Debt Credit Reporting

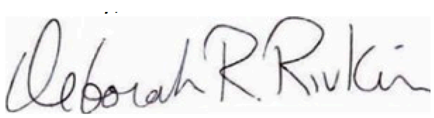
In 2023, major national credit reporting agencies voluntarily stopped reporting information in medical debt that was under $500. In early January, the Federal Consumer Financial Protection Bureau released final regulations to ban the inclusion of medical bills from credit reports. The federal regulations have now been put on hold and likely will not go into effect in March as planned. SB 614 will provide state-level protections that are similar to those federal regulations.

Sponsor Amendment

HSCRC thanks the sponsor for offering amendments that will strengthen consumer protections and ensure consistency and clarity in the law, including requiring hospitals to request deletion of any adverse information provided to consumer reporting agencies before the effective date of SB 614.

The HSCRC remains committed to consumer protections for medical debt and financial assistance. If you have any questions or if I may provide you with any further information, please do not hesitate to contact me at 410-991-7422 or deborah.rivkin@maryland.gov, or Jon Kromm, Executive Director, at jon.kromm@maryland.gov.

Sincerely,



Deborah Rivkin

Director, Government Affairs