



TZEDEK DC

Legal Help for People in Debt

Tzedek DC, Inc: A Center at the University of the District of Columbia David A. Clarke School of Law
4340 Connecticut Ave, NW, Suite 319 | Washington, DC 20008 | www.tzedekdc.org

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Tzedek DC Testimony for MD HB1324F

Good afternoon, Committee Chair Pena-Melnyk and the Health and Government Operations Committee. Thank you for holding this hearing on this important topic. My name is Jennifer Holloway, and I am a staff attorney leading the Medical Debt Project at Tzedek DC. Tzedek DC is an independent public interest law center headquartered at The University of the District of Columbia. Our mission is to safeguard the legal rights and financial health of DC residents with low incomes dealing with the often-devastating consequences of abusive debt collection practices and other consumer related issues.

In 2023, Tzedek DC recommended and catalyzed an effort by the DC government to use public dollars to effectuate a large-scale purchase and cancellation of medical debt. The District appropriated \$900,000 in the Fiscal Year 2023 budget to award out as a grant to a qualified nonprofit with experience in buying and canceling medical debt at scale. Over the course of the next several months, the awarded nonprofit worked with a DC medical provider to identify medical debts for patients meeting the grant's criteria. Ultimately, the effort resulted in the purchase and cancellation of nearly \$42 million in medical debt for 62,000 DC residents despite only a portion of the proposed funding being used. This cancellation provided immediate relief to DC residents. For example, one senior citizen had her debt from knee surgery cancelled, and another shared that their \$1300 medical bill was cancelled. Numerous others expressed their gratitude for this assistance.

Tzedek DC also helped catalyze faith-based private medical debt relief along the same model. Tzedek DC moderated and participated in a panel discussion in October 2023, with Temple Sinai that spawned their fundraising efforts that led to the cancellation of over \$4.3 million in medical debt. Similarly, we participated in a forum with St. Margaret's Episcopal Church in April 2024, that kicked off a campaign leading to the cancellation of a further \$3.6 million in medical debt.

The bill under consideration today would allow Maryland's hospitals to coordinate purchase and cancellation of medical debt through a third-party nonprofit whose mission and purpose is to purchase and cancel medical debt, with funding from either government or private philanthropy. Given how impactful this approach was in the District we are supportive of Maryland extending this potential lifeline to Maryland residents. We have some technical suggestions to ensure smooth implementation of these goals and we'd be happy to work with the Committee on those. Maryland has been a leader in addressing medical debt and we support this additional pathway to do so.