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**HB 268**  
**Hospitals - Financial Assistance and Collection of Debts – Policies**  
**Hearing of The House Health and Government Operations Committee**  
**January 29, 2025**  
**1:00 PM**

**FAVORABLE**

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Health and Benefits Equity Project advocates to protect and expand access to healthcare and safety net services for Marylanders struggling to make ends meet. We support policies and practices that are designed to eliminate economic and racial inequities and enable every Marylander to attain their highest level of health. The **PJC strongly supports HB 268**, which would increase access to hospital financial assistance for patients and help alleviate the burden of medical debt by banning medical debt lawsuits for amounts under \$500; prohibiting adverse information reporting to consumer reporting agencies; eliminating interest on medical debt; providing a minimum subsidy level for patients eligible for reduced cost care; and other reforms.

**Medical debt collection has a disproportionate impact on low-income patients and communities of color.** Medical debt collection places the financial security and housing stability of patients and their families at risk. Approximately 14 million adults carry the weight of a total of \$220 billion in medical debt across the United States, creating serious financial vulnerability. In Maryland, nearly 17% of households report having medical debt, and communities of color are disparately impacted. Compared to 3% of their white counterparts with medical debt in collections in Maryland, approximately 4% of communities of color have medical debt in collections.<sup>1</sup> Additionally, 9% of communities of color have medical debt in collections *and* are uninsured in comparison to 3% of White communities in our State (emphasis added).<sup>2</sup> The median debt in collections is approximately \$1,082.<sup>3</sup>

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<sup>1</sup> Urban Institute, Debt in America: An Interactive Map (last visited on January 27, 2025), <https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=medcoll&state=24>.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

By taking money that comes into the household away from paying for basic needs, such as food, housing, medication and utilities, medical debt keeps low-income patients in a cycle of poverty that can be impossible to break. When patients cannot afford to pay their medical bills, they are likely to delay seeking care, even in emergencies. And Maryland's hospitals have a long history of failing to use the millions of dollars in charity care funding that they receive to cover the costs of this care for low-income patients instead of pursuing patients to recover medical debt.

**HB 268, if passed, would strengthen medical debt protections in Maryland by putting much needed guardrails in place to ensure that no low-income patient who cannot afford to pay their bill falls through hospital system cracks.** We thank the Maryland General Assembly for passing legislation, including the 2021 Medical Debt Protection Act, to give Maryland *the* strongest medical debt laws in the country (emphasis added).<sup>4</sup> HB 268 would build upon this legacy by creating a minimum level of subsidy for patients eligible for reduced cost care, a much-needed resource to enable access to timely care. It would also prohibit adverse information reporting to credit agencies. This reform would prevent patients from experiencing a credit score reduction for medical debt which ultimately damages their ability to seek opportunities that would improve their life and the lives of their families, such as home ownership.

**HB 268 would prevent the filing of small dollar medical debt lawsuits, a practice that has significant harmed low-income patients and communities of color.** In addition to the public health and ethical considerations for banning small dollar medical debt lawsuits, suing patients has not been profitable for hospitals as the average debt that Maryland hospitals sued patients for was \$944 between 2009 and 2018.<sup>5</sup> HB 268 would create a medical debt lawsuit ban for amounts under \$500, i.e. small dollar lawsuits. Medical debt lawsuits are not only stressful for patients, but they are also an unnecessary drain on court resources where these matters could be resolved by hospitals providing subsidies and charity care to low-income patients with the millions of dollars that they receive specifically for the purpose of meeting community health needs. HB 268 would also stop a predatory practice in Maryland that allows creditors to extend the statute of limitations for medical debt lawsuits where the patient has signed a payment contract under seal.

For these reasons, the Public Justice Center urges the committee to issue a **FAVORABLE** report for **HB 268**. Thank you for your consideration of our testimony. If you have any questions about this testimony, please contact Ashley Woolard at 410-625-9409 x 224 or [woolarda@publicjustice.org](mailto:woolarda@publicjustice.org).

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<sup>4</sup> Innovation for Justice, Medical Debt Policy Scorecard (last visited on January 27, 2025), <https://medicaldebtpolicyscorecard.org/>.

<sup>5</sup> National Nurses United, *Preying on Patients: Maryland's Not-for-Profit Hospitals and Medical Debt Lawsuits* (2020), [https://act.nationalnursesunited.org/page/-/files/graphics/0220\\_JHH\\_PreyingOnPatients\\_Report-opt.pdf](https://act.nationalnursesunited.org/page/-/files/graphics/0220_JHH_PreyingOnPatients_Report-opt.pdf).