



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Hospitals - Medical Debt Collection - Sale of Patient Debt to Nonprofit
Organizations (HB1324) - 2025**

Testimony of Delegate Ryan Spiegel - Favorable

Hon. Chair Pena-Melnyk, Vice-Chair Cullison, and Members of the Committee:

Under current law, Maryland hospitals are prohibited from transferring patient medical debt under any circumstances. HB1324 would allow hospitals to sell outstanding medical debt to nonprofit organizations for the sole purpose of canceling that debt, providing relief to patients burdened by unaffordable healthcare costs.

Despite the goals of the Affordable Care Act, medical debt remains a widespread crisis, often leading to financial ruin. It is one of the leading causes of bankruptcy in the United States, and in Maryland alone, the median medical debt in collections is over \$1,000. Alarming, an estimated 12% of households in the state currently have medical debt that they or a family member cannot afford to pay. This issue disproportionately impacts low-income communities and Black households, who are not only more likely to hold medical debt but also face a higher likelihood of lawsuits and aggressive debt collection practices.

While HB1324 is not the solution to the broader issue of healthcare affordability, it provides an essential mechanism for families struggling with medical debt to find relief. The bill is modeled after a successful program in Washington, D.C., where nonprofit organizations purchased and canceled \$43 million in medical debt for 62,000 residents. This initiative demonstrated the potential impact of debt relief efforts in improving financial stability and reducing economic hardship for vulnerable communities.

It is also important to note that HB1324 carries no fiscal impact at the state or local level. If enacted, this bill could serve as a significant first step toward addressing the financial and health equity challenges associated with medical debt. By providing a pathway for debt cancellation, HB1324 represents an anti-poverty measure that can offer real relief to Maryland families struggling with unpaid medical bills and help unlock access to better economic opportunities by eliminating barriers to credit.

For these reasons, I strongly urge a favorable report on HB1324. Thank you for your time and consideration.