



Testimony to the House Health & Government Operations Committee
HB765 Hospitals-Medical Debt Collection-Sale of Patient Debt

Position: Favorable

February 26, 2025

The Honorable Joseline Pena-Melnyk, Chair
Health & Government Operations Committee
Room 241, HOB
Annapolis, MD 21401
cc: Members, Health & Government Operations Committee

Honorable Chair Pena-Melnyk and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in support of HB765.

Medical debt remains a problem in Maryland. In 2023, 14% of Maryland voters had a medical bill or medical debt that they or someone in their household is unable to pay. Medical debt hit Black-led households harder, with 23% of African-Americans polled having an unaffordable medical bill¹. Patients report that 23% from a hospital stay².

At the same time financial precarity is increasing. One in two households in Prince George's County experienced food insecurity in 2023³. Twenty-seven percent of households in Montgomery County were food insecure last year⁴. There are a number of reasons why so many families are living paycheck to paycheck. As we know, many workers are borrowing against their own paychecks because they can't cover expenses until the next payday. A combination of the end of pandemic government assistance, lagging employment, and inflation create a perfect financial cataclysm for many hard-working households.

HB765 provides important debt relief for some low-income patients with medical debt. HB765 will enable hospitals to sell medical debt to an organization for the sole purpose of canceling the debt. There are protections in the bill to ensure that the forgiven debt is not taxed as income, that the

¹ September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

² September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

³ [Capital Area Food Bank Hunger Report 2023](#)

⁴ Ibid

forgiven debt is reported to credit reporting agencies to improve the patient's scores and development of a report on the outcome of the debt forgiveness.

While this is not a long-term structural solution to the problems of medical debt and affordable, accessible healthcare, it will provide real relief to the lucky patients that have their debt forgiven.

From our 2020 [report](#), we know the majority of patients with medical debt lawsuits live in low-income communities. [Research](#) has also shown that medical debt disproportionately affects Black households and communities. HB765 will likely help patients with debt in low-income households and communities of color.

We are particularly pleased that HB765 medical debt forgiveness extends to low-income and working families at 500% FPL who are just at or above the benefits threshold offered by many hospitals' financial assistance policies. The threshold in HB765 ensures that many low-and-moderate income households are eligible for this medical debt forgiveness.

For all these reasons, we support HB765 and urge a favorable report.

Best,

Marceline White
Executive Director

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