



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
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**Testimony to the House Health and Government Operations Committee
SB 981 – Hospitals – Financial Assistance and Collection of Debts -- Policies
Position: Favorable**

The Honorable Joseline Pena-Melnyk
House Health and Government Operations Committee
251 Lowe House Office Building
Annapolis, MD 21401
cc: Members, House Health and Government Operations Committee

March 19, 2025

Honorable Chair Pena-Melnyk and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to secure safety, transparency, and fair treatment for Maryland drivers and car buyers.

We strongly support **SB 981** because it will take important steps to strengthen and expand and the access that low and moderate-income Maryland families have to reduced-cost medical care and to improve protections against the serious harm medical debt often does to our credit records and our financial futures.

Maryland does mandate that hospitals provide free and reduced-cost for many low-income and lower-middle income patients. And this committee and this legislature have taken admirable steps to strengthen that commitment and prevent financial abuses of lower-income Marylanders who need care in recent years, notably through the Medical Debt Protection Act of 2021 and the Medical Bill Reimbursement Act of 2022.

Yet the high cost of medical care continues to be a serious burden for many low and moderate-income Marylanders. And medical debt puts a cloud over the financial futures (and, in some cases, access to care) for many more, including some families with reasonably strong incomes. Indeed, medical debt has become shockingly commonplace in this country. 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

SB 981 takes a number of important steps to improve access to affordable care and protect families against the harm caused by medical debt. Among other provisions, the bill:

- Works to cut the cost of care for people with incomes less than 500% of the federal poverty line by establishing clear, graduated, income-based discounts for families with incomes

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/>



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below that level, instead of giving hospitals considerable latitude to determine those reductions, as current law now allows.

- Limits medical costs by limiting those reduced medical payments to no more than 5% of a household's gross monthly income.
- Requires hospitals to consider changes in a family's financial situation in the 240 days after a medical bill is issued. This reform will help those who may not have qualified for free care at the time of the service but have since lost their job or suffered other financial reversals that make it very difficult to pay their bills.
- Prevents hospitals from filing suit for medical debts less than \$500. Such lawsuits often target low-income Marylanders and often impose costly obligations on low-income Marylanders who often must miss work, find child care, and go to court to and respond to legal charges over very small debts.
- Prevent hospitals from filing suits over medical debts or reporting adverse credit information for 240 days after the initial bill is issued.

SB 981 will expand access to reduced-cost care, make that care more transparent and reliable (by establishing clearer disclosure and a clear standard for the discounts hospitals must provide). It will also protect Marylanders against unfair lawsuits over very small medical debts and against serious harm to their credit records as a result of bills caused by unplanned illnesses.

We support SB 981 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto