



February 3, 2025

Memorandum in Opposition MD HB 428/SB 349

On behalf of PRA Group, Inc. and its wholly-owned subsidiaries (collectively, "PRA"), I am writing to express our opposition to the medical debt legislation proposed in Maryland HB 428/SB 349 ("HB 428/SB 349"). While the rationale for the bill is understandable, as written, this bill will have an unintended negative impact to consumers.

PRA is a publicly-traded company that, through its subsidiaries, purchases portfolios of consumer receivables from major banks. PRA partners with individuals as they repay their obligations, working toward financial recovery. We work with consumers to resolve their obligations and typically offer a discount on the face value of the debt. In addition, we typically charge no interest or fees on debt we purchase domestically. PRA is also a willing participant to any action that combats unethical behavior that harms consumers and legitimate businesses.

THE DEFINITION OF MEDICAL DEBT IS TOO BROAD

We applaud this legislature's efforts to assist consumers undergoing difficult times due to expensive medical bills from hospitals and health care service providers. However, the definition of medical debt used in the bill is too broad and will create vast unintended consequences. Respectfully, the definition of medical debt must be amended to clarify that medical debt is debt owed directly to a health care facility or health care provider. Without this amendment, purchases for goods or services not traditionally considered to be "medical debt" such as a package of band aids or a bottle of Tylenol and charged to a credit card will be swept up into the bill's coverage.

PRA takes its compliance with all applicable state and federal laws very seriously. Without such an amendment, debt collectors like PRA would have no way of knowing that a garden-variety credit card issued by a major bank, charged-off and then sold to PRA would be considered "medical debt." Debt collectors such as PRA could unknowingly violate the provisions included in this legislation by simply going about their current business practices of collecting on debt that was not intended to be covered by this bill.

THE DEFINITION OF MEDICAL DEBT SHOULD MIRROR THE DEFINITION UTILIZED BY THE CONSUMER FINANCIAL PROTECTION AGENCY IN ITS FINAL RULE ON MEDICAL DEBT

To that end, PRA recommends that the legislature look to the Biden/Harris Administration for guidance on the issue of medical debt. The Consumer Financial Protection Agency ("CFPB") finalized its rule on medical debt on January 7, 2025. In the final rule, the CFPB adopted the following definition, which clarifies that medical debt is debt owed directly to a medical service provider:

"Medical debt information means medical information that pertains to a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to such person's agent or assignee, for the provision of such medical services,



products, or devices. Medical debt information includes but is not limited to medical bills that are not past due or that have been paid.”

The CFPB extensively studied the impact of medical debt on consumers and the definition represents the work product of an entire team of economists and attorneys who research proposed rules in advance of the proposals to ensure that they do not conflict with existing laws and regulations and do not disrupt the larger financial ecosystem. The CFPB’s rulemaking process is further informed by public input, including field hearings, consumer and industry roundtables, advisory bodies, and in some cases, small business review panels. When proposing rules, the CFPB assesses the benefits and costs of the regulations they are considering for consumers and financial institutions.

The CFPB’s proposed rule takes an academic, well researched approach to the issue of medical debt and more narrowly tailors the definition of medical debt to only debts owed to a medical service provider – it does not include credit cards. As such, it avoids the unintended consequences to consumers and the economy that the current definition used in MD HB 428/SB 349 presents.

PRA urges the adoption of the CFPB’s definition, as it will still provide all of the protections for consumers faced with crippling medical debt intended by the bill’s proponents, while avoiding unintended consequences that the legislation currently presents.

This issue is a priority for our industry and for our company and PRA stands ready to work with the sponsor in any way we can to create a better outcome.

Thank you very much for your attention in this important matter. Please feel free to contact me directly if we may be of assistance.

Best regards,

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