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March 17, 2025

TO: The Honorable Joseline A. Peña-Melnyk , Chair
Health and Government Operations Committee

FROM: Irnise F. Williams, Deputy Director, Health Education and Advocacy Unit

RE: Senate Bill 981- Hospitals - Financial Assistance and Collection of Debts –
Policies- **SUPPORT**

The Health Education and Advocacy Unit (HEAU) offers this letter of support for Senate Bill 981. The revisions to hospital financial assistance and debt collection policies offered in this bill build on the important work of the past few years to provide financial protection to consumers seeking preventive services or suffering from temporarily acute or chronic medical conditions. The revisions also provide some clean-up language to provide clarity about the consumer protections afforded by the policies.

Several important changes are made for consumers who are lower income but do not qualify for free care. This bill changes the definition of medical debt to include co-payments, coinsurance, and deductibles for medical costs billed by a hospital. These costs are currently excluded from consideration for eligibility for reduced-cost care with financial hardship, which limits access to this financial support for patients. The new definition better reflects the reality that insured consumers face today – their plans have high deductibles and coinsurance costs – meaning their coverage doesn't enable affordable access to healthcare. Recent [findings from the Commonwealth Fund](#) revealed more than two of five working adults are inadequately insured.

The bill also establishes minimum levels of discounts for patients eligible for reduced-cost care based on the patient's federal poverty level, which we support. Currently, hospitals set their own discounts which vary from hospital to hospital. The discounts consumers are entitled to shouldn't be based on where they live or work, or what hospital they may be taken to or must go to in an

emergency. But the HEAU is concerned that, as written, the bill specifically limits the reduced-cost care protections to “expenses for the regulated hospital service.” The HEAU believes that consumers seeking care in and receiving bills from nonprofit hospitals, should be afforded the reduced-cost care provisions afforded in this bill, even for hospital services that aren’t rate-regulated by the Health Services Cost Review Commission (HSCRC). Accordingly, we request that the “regulated hospital service” language be stricken, and that the bill be amended to make clear the legislature’s intent that the financial assistance and debt collection requirements apply broadly to the services the patient receives.

We support a state law prohibiting hospitals from reporting adverse information for hospital debt to credit reporting agencies and filing lawsuits to collect amounts at or below \$500. The HEAU assists consumers whose carriers have improperly denied coverage of their care and from consumers who were improperly billed by their healthcare providers. These types of errors can lead to the reporting of adverse information, and aggressive debt collection practices, including lawsuits and actions to enforce judgments, which should not occur in the first instance. It is not uncommon for consumers to seek HEAU’s assistance in obtaining a refund for a bill they paid because they felt coerced to pay the bill to protect their credit. In many cases, consumers may have exhausted their insurance carrier appeals process or may not have availed themselves of a hospital’s financial assistance program or income-based payment plan option. Moreover, the [Consumer Financial Protection Bureau’s research](#) reveals that a medical bill on a person’s credit report is a poor predictor of whether they will repay a loan, and contributes to thousands of denied applications on mortgages that consumers would be able to repay. The protections in this bill address some of those concerns.

The HEAU also takes this opportunity to point out that as currently structured, the financial assistance policies contained in Section 19-214.1 of the Health General Article only apply to acute care and chronic care hospitals in the State under the jurisdiction of the HSCRC. Pediatric, psychiatric and rehabilitative hospitals do not fall under this definition. The HEAU recommends an interim review of both the financial assistance and debt collection statutes to address this gap in consumer protections, and to review issues related to out-of-state hospitals operating in Maryland, such as licensure, rate-setting and application of financial assistance and debt collection statutes.

The HEAU appreciates the Sponsor’s and Committee’s commitment to helping ensure consumers can afford to get the medical care they need and supports the consumer protections offered in Senate Bill 981.

We urge a favorable report.