



Testimony to the House Health & Government Operations Committee
HB1324 Sale of Patient Debt to Nonprofit 3 Organizations

Position: FWA

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 support the intention of the sponsor and of the bill to address the ongoing problem of medical debt.

We have worked on several other bills with similar aims and suggest several amendments that we believe strengthens the bill, focuses relief to low-income patients, includes important reporting, notice, sunset provisions to provide the needed guardrails to remove the consumer protection in place that prohibits sale of hospital debt to third parties.

Our amendments are as follow:

Amendment One

On page 5, after line 23 insert

“(5) IF THE HOSPITAL OBTAINED A JUDGMENT AGAINST THE PATIENT OR REPORTED ADVERSE INFORMATION TO A CONSUMER REPORTING AGENCY ABOUT THE PATIENT, THE NONPROFIT ORGANIZATION PURCHASING AND FORGIVING THE DEBT SHALL SEEK TO VACATE THE JUDGEMENT OR STRIKE THE ADVERSE INFORMATION.”

Reasoning: To require hospitals to seek reversal of judgments or adverse information previously reported to consumer reporting agencies related to sold debt.

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Amendment Two

Page 2, line 14, after “bad debt;” strike “and”

On page 2, line 18, strike the period and insert a semicolon followed by “**AND**”.

On page 2, after line 18, insert

“(4) FOR HOSPITAL DEBTS OWED BY PATIENTS OF THE HOSPITAL THAT THE HOSPITAL SOLD TO A NONPROFIT ORGANIZATION UNDER SUBSECTION (M) OF THIS SECTION:

A. THE TOTAL DOLLAR AMOUNT OF THE DEBT SOLD BY THE HOSPITAL FOR THE REPORTING YEAR;

B. THE TOTAL DOLLAR AMOUNT PAID TO THE HOSPITAL BY THE NONPROFIT ORGANIZATION WHO PURCHASED THE DEBT; AND

C. THE TOTAL NUMBER OF PATIENTS WHOSE DEBT WAS SOLD, IN FULL OR IN PART, TO THE NONPROFIT ORGANIZATION WHO PURCHASED THE DEBT.”

Reasoning – To require hospitals to report to HSCRC the amount of debt that is sold. HSCRC needs this data to determine the amount to reduce the uncompensated care paid to hospitals through hospital charges.

Amendment Three

On page 5, strike lines 6 & 7

ADD THE NONPROFIT ORGANIZATION MUST NOTIFY THE PATIENT THAT THE DEBT HAS BEEN CANCELED;

Reasoning: It would be difficult for the hospitals to identify and receive a written agreement from the patients given the way that debt is bundled and sold to third party debt buyers. Similar bills have included a notification to the patient once the debt has been forgiven.

Amendment Four

On page 4, line 30 after “(M) (1) (I)” insert “**SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION,**”

On page 5, after line 18 insert

“(3) DEBT SOLD UNDER THIS SUBSECTION MUST BE FOR HOSPITAL SERVICES PROVIDED AT LEAST 2 YEARS BEFORE THE DATA OF THE SALE.

Reasoning: To ensure that any debt sold is two years or older.

AMENDMENT FIVE

ON PAGE 5 AFTER (3) INSERT

(4) (IV) MUST BE FOR AN INDIVIDUAL WHOSE FAMILY INCOME IS AT 21 OR BELOW 500% OF THE FEDERAL POVERTY LEVEL OR WHO HAS MEDICAL DEBT 22 EXCEEDING 5% OF THE INDIVIDUAL'S FAMILY INCOME, AS DETERMINED BY THE 23 GOVERNMENTAL UNIT OR CONTRACTOR PURCHASING THE DEBT

Page 5, line 19, strike "(3)" and insert **(5)**

Page 5, line 21, strike "(4)" and insert **(6)**

Reasoning: to ensure that debt forgiveness focuses on the people with the highest need for help.

Amendment Six

Page 1, line 18, strike "and" and after "(n)" insert "**AND 19-219(A)(3)**"

Page 5, line 20, strike "discount" and insert "**REDUCTION**"

Page 6, after line 3, insert

"19-219

(a) The Commission may review the costs, and rates, quality, and efficiency of facility services, and make any investigation that the Commission considers necessary to assure each purchaser of health care facility services that:

(3) EXCEPT AS PROVIDED IN § 19-214.2(M) OF THIS SUBTITLE, THE [The] rates are set equitably among all purchasers or classes of purchasers without undue discrimination or preference."

Reasoning: To allow the purchase of the debt at a lower cost than the original charge.

"Reduction" is the appropriate term to use in relation to HSCRC rates, not "discount".

Amendment Seven

On page 6, line 5, after "October 1, 2025." Insert "**IT SHALL REMAIN EFFECTIVE THROUGH DECEMBER 31, 2027, AND AT THE END OF DECEMBER 31, 2027, THIS ACT, WITH NO FURTHER ACTION REQUIRED BY THE GENERAL ASSEMBLY, SHALL BE ABROGATED AND OF NO FURTHER FORCE AND EFFECT."**

Reasoning: To create a sunset provision to allow for reasonable evaluation of the effects of this new program on consumers and hospitals.

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.

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.

However, as drafted HB1324 needs substantial work to be able to achieve its intended effect. We believe that all of the amendments proposed should be incorporated in order to make HB1324 workable. We are happy to work with the bill sponsor and other stakeholders to amend the bill to achieve its worthwhile aims.

Best,

Marceline White
Executive Director

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)