



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 268 - HOSPITALS - FINANCIAL ASSISTANCE AND COLLECTION OF DEBTS - POLICIES

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN
JANUARY 29, 2025

Chair Pena-Melnyk, Vice Chair Cullison, and Members of the Health and Government Operations Committee,

In 2023, 14% of Maryland households (876,000 households) ¹ have a medical debt they are unable to repay. Of these households, Black and Latino households disproportionately hold unaffordable medical debt ². The impact of medical debt on financial security and overall health can be significant. Medical debt has been found to be associated with food insecurity, decreased ability to pay for utilities, and eviction or foreclosure ^{3,4}. Among adults with medical debt, 39-63% of adults reported having to cut back spending on food, clothing, or basic household items to pay down debt ⁵.

Addressing medical debt at its source, by ensuring a clear and consistent process for financial assistance policies is one of the best ways to reduce onerous medical debt.

This bill will:

- Create minimum level of subsidy for patients eligible for reduced cost care
Current Maryland law allows hospitals the ability to determine the subsidy levels for reduced cost care and, as such, they vary widely across the state. This bill creates standard subsidy levels for patients who are eligible for reduced cost care, ensuring all patients can afford care regardless of the hospital where they are receiving it.
- Prohibit reporting to credit agencies
This bill prohibits reporting of hospital debt and other adverse information related to hospital debt to credit agencies. This ensures that patients' debts do not create further hardship in housing, education, and other pursuits for financial stability.
- Prohibit hospitals from suing patients who owe less than \$500.
Lawsuits for small amounts of debt can cause significant harm to patients who cannot afford to pay these amounts and need to take time off work, pay for transportation and childcare, and get to court to respond to the lawsuit. The value to the hospital is minimal and thus not worth the harm such lawsuits cause.

¹ [Gonzales statewide Maryland poll, Sept. 2023](#)

² *ibid*

³ <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2796358>

⁴ <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2815530>

⁵ <https://www.commonwealthfund.org/publications/surveys/2023/oct/paying-for-it-costs-debt-americans-sicker-poorer-2023-affordability-survey>

- Prohibit “signing under seal”.

Maryland law allows creditors to extend the statute of limitation for lawsuits if the person with the payment obligation signs under seal. Some hospitals include the word “seal” in the contract language that patients sign when they agree to pay their bills, thus extending the statute of limitation from 3 to 12 years. This bill prohibits this practice for hospitals.

I respectfully request a favorable report on HB 268.