

Strengthening Medical Debt Protections Would Increase Economic Security for Maryland Families

Position Statement Supporting House Bill 268

Given before the House Health and Government Operations Committee

The Maryland Center on Economic Policy (MDCEP) strongly supports HB 268, which builds on the General Assembly's significant work in recent years to expand health care access for working families and reduce the devastating impacts of medical debt. HB 268 introduces consistent guidelines and discounts for patients seeking financial assistance, expands eligibility for financial hardship assistance, prohibits reporting hospital medical debt to credit reporting agencies, and bans lawsuits for medical debt of \$500 or less. **MDCEP supports House Bill 268 because it will continue to address health equity and accessibility for a vulnerable population.**

MDCEP's vision is a Maryland where everyone can achieve their full potential in a healthy economy that offers equitable opportunities for all, regardless of race, income, or ZIP code. Our mission is to advance innovative, research-based solutions that dismantle systemic barriers and prioritize equity in policy decisions. HB 268 aligns directly with this vision and mission by addressing a persistent and inequitable burden that disproportionately affects low-income families and communities of color across our state.

Medical debt is not just a financial challenge; it is a systemic barrier that perpetuates poverty and widens existing inequities. Far too often, families in Maryland are forced to choose between accessing necessary care and avoiding crippling financial consequences. Communities that are already marginalized—especially Black and Brown families—are more likely to face aggressive collection practices, lawsuits for relatively small sums of medical debt, and long-term credit damage that limits their ability to build wealth and achieve economic stability.

HB 268 takes meaningful steps to mitigate these inequities by:

1. Creating clear and consistent financial assistance guidelines, so no patient has to navigate confusing or opaque policies to access the help they need.
2. Expanding financial hardship eligibility, ensuring that more families are protected from the financial burden of medical care.
3. Prohibiting the reporting of hospital medical debt to credit reporting agencies, protecting individuals from long-term economic harm.
4. Banning lawsuits for medical debt under \$500, recognizing the disproportionate impact that small-dollar lawsuits have on low-income families.

HB 268 addresses structural inequities that disproportionately harm Maryland's most vulnerable residents. By reducing the financial and emotional toll of medical debt, this bill ensures that Maryland families have a fair chance to achieve financial security and access the care they need without fear of punitive consequences.

MDCEP strongly urges the passage of HB 268, as it represents a critical step toward advancing health equity and creating a healthier, more inclusive Maryland. For these reasons, **the Maryland Center on Economic Policy respectfully requests the Health and Government Operations Committee to make a favorable report on House Bill 268.**

Equity Impact Analysis: House Bill 268

Bill Summary

HB 268 will expand healthcare access to working families and reduce medical debt burdens.

Background

Medical debt has long been a significant barrier to financial stability and health equity in Maryland and across the United States. For decades, rising healthcare costs and inconsistent hospital financial assistance policies have left working families vulnerable to crushing debt simply for seeking necessary care. Medical debt often disproportionately affects low-income households and communities of color, exacerbating systemic inequities in access to healthcare and economic opportunity.

In recent years, Maryland has made commendable progress in expanding healthcare access and addressing medical debt through legislative reforms. However, gaps remain. Many patients still struggle to navigate complex financial assistance policies, face lawsuits for small amounts of medical debt, and experience long-term financial harm through credit reporting of unpaid medical bills. These challenges perpetuate cycles of poverty and deepen economic disparities, undermining Maryland's commitment to equity and opportunity for all its residents.

Equity Implications

HB 268 is a critical step toward addressing these ongoing challenges. By establishing consistent financial assistance guidelines, expanding eligibility for hardship programs, and prohibiting harmful practices like credit reporting and small-dollar medical debt lawsuits, this legislation builds on the progress Maryland has already made. It ensures that patients receive the financial relief they need and are protected from practices that disproportionately harm the most vulnerable members of our communities. This bill is not just about improving financial protections for patients—it is about fostering a more equitable healthcare system and promoting the long-term economic health of Maryland families.

Impact

House Bill 268 will likely **improve racial, health and economic equity** in Maryland.