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Legal Help for People in Debt

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March 6, 2025

Tzedek DC Testimony for MD HB0765 FAV

Thank you to Delegate Ivey for introducing a bill on the important topic of how Maryland can include medical debt relief as an option for philanthropic or government investments. Tzedek DC appreciates the opportunity to submit testimony and we look forward to supporting the Committee in its work related to medical debt reforms. Tzedek DC is an independent public interest law center headquartered at The University of the District of Columbia. Our mission is to safeguard the legal rights and financial health of DC residents with low incomes dealing with the often-devastating consequences of abusive debt collection practices and other consumer related issues.

In 2023, Tzedek DC recommended and catalyzed an effort by the DC government to use public dollars to effectuate a large-scale purchase and cancellation of medical debt. The District appropriated \$900,000 in the Fiscal Year 2023 budget to award out as a grant to a qualified nonprofit with experience in buying and canceling medical debt at scale. Over the course of the next several months, the awarded nonprofit worked with a DC medical provider to identify medical debts for patients meeting the grant's criteria. Ultimately, the effort resulted in the purchase and cancellation of nearly [\\$42 million in medical debt for 62,000 DC residents](#) despite only a portion of the proposed funding being used. This cancellation provided immediate relief to DC residents. For example, one senior citizen had her debt from knee surgery cancelled, and another shared that their \$1300 medical bill was cancelled. Numerous others expressed their [gratitude for this assistance](#).

Tzedek DC also helped catalyze faith-based private medical debt relief along the same model. Tzedek DC moderated and participated in a panel discussion in October 2023, with Temple Sinai that spawned their



fundraising efforts that led to the cancellation of over \$4.3 million in medical debt. Similarly, we participated in a forum with St. Margaret's Episcopal Church in April 2024, that kicked off a campaign leading to the cancellation of a further \$3.6 million in medical debt.

The bill under consideration today would allow Maryland's hospitals to sell debt to a government unit or an entity under contract with the unit for the purpose of cancelling the debt. We've seen first-hand in DC how impactful allowing the purchase and cancellation of medical debt can be; we defer to Maryland on whether to do so by selling to a dedicated nonprofit, a proposal being considered in HB1324, or selling to a governmental unit or dedicated, debt-cancelling contractor. But the overall impact of cancelled debt is a worthy goal to pursue. Maryland has been a leader in addressing medical debt and we support this additional pathway to do so.

Sincerely,

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