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MARYLAND SENATE FINANCE COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT TO SB0514: HEALTH FACILITIES—HOSPITALS – MEDICAL DEBT
PROTECTION

WEDNESDAY, FEBRUARY 24, 2021

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Chair Kelly and distinguished members of the Committee, thank you for the opportunity to testify in support to Senate Bill 514.

My name is Amy Hennen, and I am the Director of Advocacy at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS' founding in 1981, our statewide panel of over 1,700 volunteer lawyers, has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY20, MVLS volunteer and staff lawyers provided legal services to 4,459 people across the state. Approximately 30% of our cases focus on consumer issues like foreclosure, tax sale, bankruptcy, and debt collection. For the reasons explained below, we respectfully request a favorable report on Senate Bill 514.

Medical debt is different from many other types of consumer debt -- people do not plan to get sick or get hurt. Medical bills often end in collections because of insurance or billing disputes. The consumer too often becomes responsible for medical debt because the hospital and insurer simply cannot resolve their disputes. Even when billing errors are corrected, the lengthy delays result in medical bills being sent to collections. The negative impact of medical debts on credit reports often creates additional hardships, including difficulty securing affordable credit, insurance, housing, and even employment.

MVLS assists Marylanders facing debt in several ways, including a courthouse clinic in Baltimore City as well as defending debt collection actions and representing Marylanders filing for bankruptcy throughout the state. In 2020, out of the 117 cases closed for bankruptcy, 30 percent of our clients stated that medical debt was a significant factor in filing bankruptcy.

Anne is a client that sought help from MVLS to resolve her numerous hospital bills. Her only income is from social security and is protected from garnishment. Anne's financial status would have made her a prime participant for the hospital's financial assistance programs especially since she is dealing with a permanent ongoing illness. However, she never knew that financial assistance was available because the hospital never informed her of it.

Her hospital bills were sent to collections and in the attempt to pay her overdue hospital bills, she fell behind on her other bills.

Another client that sought help from MVLS is Belinda who has stage 4 breast cancer. With her ongoing medical treatments and low source of income, Belinda became the subject of harassment from creditors. Many of the calls came from medical debt collectors, and Belinda began using credit cards to pay her hospital bills which resulted in \$40,000 worth of debt.

Hospitals will likely say that people will not pay if they are not at risk of being sued or garnished. However, nearly everyone we meet at our courthouse clinic who is being sued for medical debt would qualify for financial assistance. From the data collected, the average consumer seen at these clinics is an African American woman earning less than half the Maryland median income. She is in her early 40s, does not have a college degree, and she is caring for at least one child or parent at home. She would be eligible for financial assistance.

Sadly, most individuals being sued for debt collection don't receive the type of legal assistance we provide at our courthouse clinic. Statistically people who do not dispute a bill or show up to the courthouse make up more than 80% of people sued in the state. That means they do not have the opportunity to contest the bill or the charges. This then means that the first interaction they have with the lawsuit is via a wage garnishment or bank attachment, taking 25% of their wages and possibly 100% of the contents of their bank account. Wage garnishments keep people in a cycle of poverty. They can easily mean someone cannot cover their rent payments, leading to eviction, and homelessness. This cycle creates a greater strain on state resources.

Reviewing patients for medical financial assistance prior to sending them to collections is necessary. My clients often choose to forego necessities like food and clothing to pay their medical debts. People should not have to decide between basic healthcare access and financial freedom. Consequently, we urge a favorable report on SB514.

Madam Chair and members of the Committee, thank you again for the opportunity to testify.