



MEDICAL DEBT PROTECTION ACT / SB 0514

Official Testimony of End Medical Debt Maryland

Position: **FAVORABLE**

To Chair Kelley and Members of the Senate Finance Committee,

My name is Brig Dumais and I am the Chair of End Medical Debt Maryland. Our coalition is composed of 49¹ organizations and dozens of community members. We are labor unions, faith leaders, patient advocates, consumer rights proponents, lawyers, healthcare providers, and people directly impacted by medical debt. Collectively, we represent over 300,000 Marylanders.

We proudly endorse SB0514: The Medical Debt Protection Act, and ask the Committee to issue a **favorable** report, and not water down the bill with amendments. This legislation is a gender, racial, and class equity issue. There are concerning disparities by which Marylanders are sued for medical debt; lawsuits are disproportionately filed against people of color (with Black neighborhoods particularly targeted by these predatory lawsuits), women, single parents, low-income people, and essential workers. Many of those who have been sued hold more than one of these identities.

Because of the COVID-19 pandemic, the Medical Debt Protection Act is more important than ever before. When people are afraid to seek the medical care they need because they know they cannot afford it, our public health challenge of protecting communities from this highly contagious virus is made all the more difficult. Experts have demonstrated that it costs Maryland and our communities more when illnesses go untreated; practices that deter patients from pursuing care not only harm our patients, but are more expensive in the long run. Additionally, COVID-19 has been found to cause long-term effects in many patients, in ways we do not fully understand yet. This means Marylanders who have survived COVID-19 will need to either seek more healthcare they cannot afford, or choose not seek care and see their health deteriorate as a result. No one should have to make this choice.

Today, at least 17% of Marylanders have medical debt in collections. Between 2009-2018, hospitals filed medical debt lawsuits against nearly 146,000 Marylanders. Over 37,370 wage garnishments were sought, and 4,432 liens were passed on homes. Hospitals in Maryland are given generous tax breaks and millions of dollars in charity care funding specifically to provide healthcare to low-income people. From 2014-2018, hospitals reported \$119,214,617 in unspent charity care funding, which is almost the exact amount of money they sought in medical debt lawsuits during the same time-period. This demonstrates that the medical debt lawsuits they are filing is more about punishing patients than their bottom line, and that the sky will *not* fall on Maryland hospitals when the Medical Debt Protection Act goes into effect.

The Medical Debt Protection Act will eliminate wage garnishments over medical debt. Essential workers at Walmart, Home Depot, Johns Hopkins Hospital, University of Maryland Medical System, Maryland State employees, postal workers, and public-school employees are most likely to be sued and have their wages garnished for unpaid medical bills. Wage garnishment is a punitive measure that harms patients and does not ultimately help hospitals collect on debt. When a working person's wages are seized, it becomes harder to afford necessities like rent or mortgage payments and transportation. If a worker loses

¹ See page 3 for the full list of coalition partners



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their home, it becomes more challenging to stay employed. If a worker loses their car, they may not be able to get to and from work. These problems can cause them to lose their jobs, leaving no wages left to even garnish while creating devastating impacts on the patients' lives and their families, and requiring more state spending on unemployment. Prohibiting wage garnishments benefits patients struggling with medical debt *and* Maryland taxpayers as a whole.

We must ban predatory medical debt lawsuits, and a critical element to achieving that goal includes preventing lawsuits from being filed against patients for \$1,000 and under. The median amount that patients in Maryland are sued for is just \$944. These low sums are a drop in the bucket for wealthy institutions that receive generous tax breaks and charity care funds specifically to provide healthcare to low-income people. On the other hand, for a working family, \$944 is enough to break the bank and create or exacerbate a cycle of poverty. While we believe that hospitals can and should ban lawsuits against patients for \$5,000, as we proposed in the 2020 legislation, we appreciate Delegate Charkoudian's willingness to accommodate the Maryland Hospital Association's objections to the proposed \$5,000 cap by reducing the amount prohibited by 80% from to \$1,000. Since Delegate Charkoudian made this compromise in good faith, we hope this good faith will be returned by ensuring the prohibition on lawsuits for \$1,000 or less remains in the final version of this bill.

The Medical Debt Protection Act will prohibit liens from being placed on homes for unpaid medical bills. This is especially urgent during COVID-19 because public health experts agree that the best ways to slow the spread of this deadly virus are to practice good hygiene and stay home as much as possible. People who lose their homes because of medical debt won't have those options. Keeping people housed is in everyone's best interest.

Additionally, I would like to address what this bill does *not* do. It does not prevent debt collection, and it does not cancel debts. You may hear those talking points from our opposition, but they are simply untrue. Additionally, one-third of Maryland's hospitals already voluntarily do not sue their patients for debt, demonstrating that it is entirely possible for the remainder of Maryland's hospitals to do the same. SB0514 took into consideration best practices from other states; it is not reinventing the wheel. Our neighbor, Delaware, has banned bank account garnishments. Another neighbor, Pennsylvania, along with North Carolina, South Carolina, and Texas, have banned wage garnishments. Our neighbors in Washington D.C. and 8 other states already prohibit liens on homes. There is no reason we can't do the same here in Maryland.

The time to pass the Medical Debt Protection Act is now. Maryland's patients cannot wait any longer for the solutions this bill will provide. **We strongly urge this Committee to issue a favorable report on SB0514: Medical Debt Protection Act, including the provisions that ban medical debt lawsuits for \$1,000 and under, that prohibit liens on homes, and put an end to wage garnishments.** Thank you.

Respectfully,

Brig Dumais, *Coalition Chair*, End Medical Debt Maryland
On behalf of 49 partner organizations named below
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END MEDICAL DEBT MARYLAND

End Medical Debt Maryland Coalition Partners

1199SEIU United Healthcare Workers East
Maryland Consumer Rights Coalition
Progressive Maryland
National Nurses United
Accessible Resources for Independence
Baltimore Women United
ATU Local 689
CASA in Action
Baltimore Teachers Union
CASH Campaign of Maryland
Coalition Against Policing by Hopkins
Greater Baltimore DSA
Healthcare NOW of Maryland
Housing our Neighbors
IBEW Local 26
Lower Shore Progressive Caucus
Maryland Legislative Coalition
Maryland State AFL-CIO
Maryland Volunteer Lawyers Service
MD/DC Alliance for Retired Americans
Not Without Black Women
Peer Wellness & Recovery Services
Public Justice Center
SEIU 32BJ
Special Needs Navigator
Sunrise Baltimore
MICA Organizers and Activists
UFCW Local 1994 MCGEO
Maryland NAACP

Maryland Center on Economic Policy
UFCW Local 400
Metropolitan Washington Council AFL-CIO
Our Revolution Maryland
The Freedom Center
Independence Now
Integrated Living Opportunities
Disability Rights Maryland
Patient Providers LLC
Women's Democratic Club of
Montgomery County
FreeState Justice
M.E.Action
IUOE Local 37
Maryland Professional Employees Council
Local 6197
Marylanders for Patient's Rights
Unitarian Universalist Legislative Ministry
of Maryland
IBEW Local 24
ATU Local 1300
AFSCME Council 3
Poor People's Campaign, Maryland
Image Center of Maryland
Montgomery County Democratic Socialists
of America
*and additional unaffiliated community
members*