



**JUSTICE FOR ALL**

MARYLAND HOUSE HEALTH AND GOVERNMENT OPERATIONS COMMITTEE  
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE  
IN SUPPORT OF HB0694: HOSPITALS—FINANCIAL ASSISTANCE – MEDICAL BILL  
REIMBURSEMENT  
WEDNESDAY, MARCH 2, 2022

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Chair Pendergrass and distinguished members of the Committee, thank you for the opportunity to testify in support to House Bill 694.

My name is Aja' Mallory, and I am the Consumer Staff Attorney with 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 volunteers, has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY21, MVLS volunteers and staff lawyers provided legal services to 3,353 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 House Bill 694.

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. Our clients tell us they never heard about financial assistance and did not know the hospital offered it. 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 2021, out of the 189 cases opened for bankruptcy, 30 percent of our clients stated that medical debt was a significant factor in filing bankruptcy. Based on our income guidelines, if a client qualifies to receive representation from MVLS, they should have received financial assistance or "charity care" from the hospital where they sought care.

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. Most importantly, the medical provider did not inform Belinda that she was potentially eligible for financial assistance.

Nearly everyone we meet at our courthouse clinic who is being sued for medical debt is like Anne and Belinda and 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. Patients who paid or were garnished by hospitals deserve to be repaid. My clients often choose to forego necessities like food to pay their medical debts. People should not have to decide between basic healthcare access and basic necessities.

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