Protect Access to Credit - VOTE YES on HB1020/SB614

Q:Why Is This Bill Needed?

A: Medical debt remains a problem in Maryland. According to a 2023 survey,[1] 14% of Maryland households had medical debt they could not pay. Survey participants noted that 44% of this unaffordable debt is from outpatient health care and services

HB1020/SB614 alleviates some of the stress caused by medical debt by prohibiting medical debt from being reported to credit reporting agencies.

Q: Shouldn't Medical Debt Be Included In Credit Reports?

A: Credit scores are critical tools that consumers rely upon to qualify for mortgages or apartments, car loans, other consumer loans and in some cases, employment.

However, medical debt is different from other types of consumer debt-consumers don't choose to take on this debt. These debts are often incurred due to an emergency health care issue or long-needed health care treatment. **This is not just a matter of opinion. In fact, the Consumer Financial Protection Bureau's research has found that medical debt is less predictive of future consumer credit performance than other kinds of consumer debt.** Moreover, medical debt bills are rife with unreliable information. This means that debt buyers are often pursuing patients for debt with little or no supporting documentation and the pursuits may be unwarranted.

Q: Shouldn't We Accept The Consumer Financial Protection Bureau's (CFPB) Definition Of Medical Debt?

A: The CFPB doesn't think so, nor do consumer advocates in other states. In a letter of support to the state of Massachusetts, the CFPB said: *States play a frontline role in protecting consumers from unscrupulous practices, including by enacting laws that go further than or reinforce federal protections*.[2] Maryland's definition is consistent with the definition recommended by national consumer rights organizations and passed by New York and Colorado. A number of states are introducing similar legislation in 2025 and most are using definitions that are broader than the CFPB's definition.

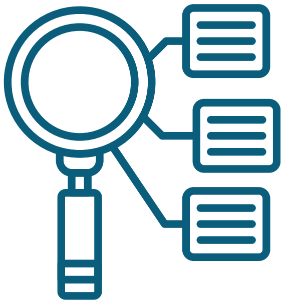
Q: Why Include Health Care Credit Cards In This Bill?

A: High-cost health care credit cards are aggressively marketed to patients and often lead to unaffordable debt. A recent report[3] of legal service groups reported that of clients with medical care credit cards; 68% were sued by the cardholder; 65% were not screened for assistance; 65% were not offered a payment plan, 53% had difficulty making payments, 47% were told the card was 0% interest when it was actually deferred interest, and 47% had negative information reported to a credit reporting agency.

Patients are often steered to these high-cost cards rather than paying on installment or verifying if the individual qualifies for financial assistance. The only effect of including these cards means that debt collectors representing this industry cannot place a lien on a home. Again, these debt collectors can still use wage or bank garnishment to collect.

1 https://econaction.org/wp-content/uploads/2025/01/gonzales_poll_2023.pdf
2 https://www.consumerfinance.gov/about-us/newsroom/cfpb-letter-to-massachusetts-state-legislature-on-barring-medical-bills-on-credit-reports/
3 https://www.nclc.org/wp-content/uploads/2023/04/Report_Health-Care-Plastic.pdf

Q: Isn't It Too Hard To Distinguish Between Medical Debt And Other Expenses On These Credit Cards?
A: No. The largest of the health care financing companies, which controls 90% of the market, issues a specific QR code to each dentist, physical therapist, lab, and testing facility it contracts with. This means that the debt collection firm can simply see via the individual QR code if that was issued at the health care providers office or facility.

Q: How Can Health Care Providers Collect What Is Owed To Them?
A: Doctors, dentists, and debt buyers still have a number of tools to collect on the debt including:

- Calling patients 7 times over a 7 day period to collect on the debt
- Contacting patients via text or social media to collect on the debt
- Filing a lawsuit to collect on the debt
- If they receive a judgment in a lawsuit
  - Garnishing patients' wages
  - Seizing patients' bank accounts

The only thing they can't do under HB1020/SB614 is harm a patient's access to credit which is more important than ever given the cost-of-living crisis.

Maryland families are struggling with the costs of basic goods and services– including health care. They need access to affordable, sustainable credit. As mentioned earlier, medical debt is not predictive of a household's credit-worthiness and should not be on credit reports.

Vote YES on HB1020/SB614 With No Weakening Amendments

More Questions?

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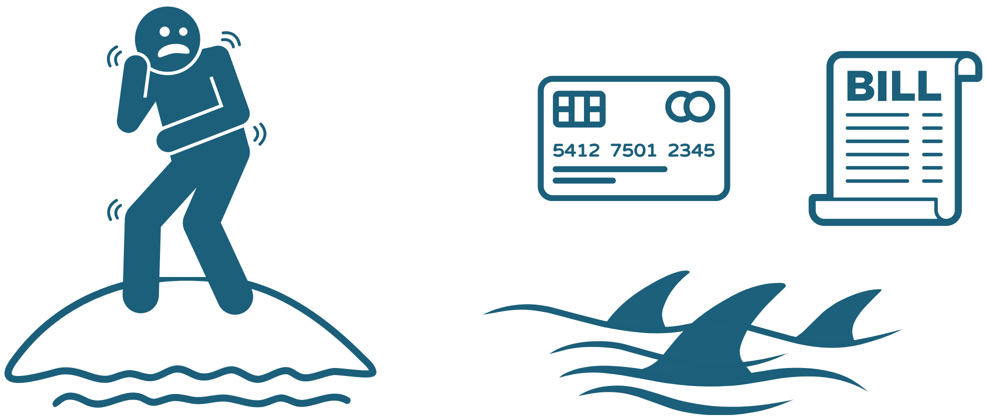
Don't Let Debt Buyers Ruin Maryland Families' Access to Credit - Vote YES On HB1020/SB614

Why Are Some Debt Buyers And Debt Collectors Opposed To This Bill?
PRA (Portfolio Recovery Associates) opposes the definition of medical debt which includes high-cost healthcare credit cards.

PRA is a multi-national corporate debt buyer-meaning they purchase portfolios of debt for pennies on the dollar. After they have purchased portfolios of charged off debt (meaning debt that health care providers have decided they can't collect on), PRA aggressively tries to collect this debt to ensure enormous profits for their company.

However, PRA has a troubled track record with Maryland consumers. In the past three years, there have been 103 complaints against PRA to the CFPB by Maryland consumers including allegations that the group tried to collect on debt that was not owed, the amount collected was incorrect, there was not enough information to collect on the debt, and more.



PRA has a long relationship running afoul of consumer protection laws including:

- **In 2024, *PRA paid $5.5 million to settle a class action lawsuit* that alleged the company violated North Carolina debt collection law by obtaining default judgments against debtors without filing sufficient evidence to substantiate the debts claimed to be owed.**

- **In 2023 the CFPB filed a complaint and proposed judgement against PRA, ordering them to pay $12 million to impacted consumers after PRA violated the Federal Consumer Protection Act.**
  - **Quote from the CFPB: "Portfolio Recovery Associates violated the 2015 order by collecting on unsubstantiated debt, collecting on debt without providing required documentation and disclosures to consumers, suing or threatening legal action against consumers without offering or possessing required documentation, and suing to collect on debt outside the statute of limitations. Portfolio Recovery Associates also failed to properly investigate and resolve consumer disputes about the company's credit reporting."** [3]

- **In September 2015, the CFPB ordered Portfolio Recovery Associates to pay more than $27 million in consumer refunds and penalties for deceptive debt collection tactics.**

PRA and other debt buyers will still be able to collect on patients' debts. They simply can't ruin their credit.

Protect Families' Access to Credit. Vote YES on HB1020/SB614 without weakening amendments.