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Delaware General Assembly
152nd General Assembly
Committee on Banking, Business, Insurance & Technology
Hearing on SS1 for SB8, the Medical Debt Protection Act
May 18, 2023

Testimony of Jenifer Bosco, National Consumer Law Center

Dear Chair Mantzavinos, Vice-Chair Paradee, and Members of the Committee on Banking, Business, Insurance & Technology:

Thank you for the opportunity to testify in support of SS1 for Senate Bill 8, the Medical Debt Protection Act. My name is Jenifer Bosco, and I am a Senior Attorney with the National Consumer Law Center, a non-profit organization that works for economic justice for low-income and other disadvantaged people in the U.S. I am testifying in support of the Medical Debt Protection Act because this legislation would help protect families in Delaware from many of the worst unfair and abusive medical debt collection practices.

Medical debt is a significant problem throughout the country. In 2022, the Consumer Financial Protection Bureau estimates that \$88 billion in medical debt was present on consumer credit reports. Survey data reveals an even more extensive problem. A recent survey by the Kaiser Family Foundation found that U.S. households report \$195 billion in medical debt. People with disabilities or chronic medical conditions are, not surprisingly, more likely to carry medical debt, and the amounts owed are likely to be larger. Among Delaware families, the Urban Institute estimates that 11% of households in white communities and 15% of households residing in communities of color have medical debt in collection.

SS1 for Senate Bill 8 would create common-sense protections to shield families from many of the most harmful and troubling consequences of medical debt. For instance:

- Crucially, the bill would prohibit some of the most abusive medical debt collection practices: civil arrest, foreclosures, wage garnishments, and bank account garnishments. Providers and their agents could engage in other debt collection practices, after a reasonable time has elapsed, but these punitive measures may not be used.

- The one-year pause before furnishing medical debt information to a credit reporting agency would formalize the voluntary agreement that the three major credit bureaus will not include medical debt information that is less than one year old.
- The legislation would restrict the interest that can be charged on medical debt. This is an important protection since consumers across the country often find that a medical bill may double or triple once collection fees and interest are added.
- Patients who are eligible for financial assistance, as required by federal law for non-profit hospitals, often are not aware of the application process or are not told that financial assistance may be an option. This results in collection activity against those least able to pay. This legislation would require that a medical debt would be returned to the creditor if the patient is found eligible for financial assistance.
- The legislation would create rules for affordable payment plans. Patients want to pay their medical debts, and in some cases resort to high-interest medical credit cards or other predatory lending to pay for health care. Reasonable payment plans would create a more affordable option for families than resorting to higher-cost lending.
- The bill makes clear that a health care provider is responsible for ensuring that any debt collector or debt buyers comply with the law.

The problem of medical debt is large and multi-faceted, but the Medical Debt Protection Act would provide strong protections for Delaware families, and relief from the most harmful medical debt collection practices.

Thank you, and if you have any questions or need further information, please contact me at jbosco@nclc.org or at 617-542-8010.

Respectfully,

Jenifer Bosco
Senior Attorney