

## *An Act alleviating the burden of medical debt for patients and families*

**Bill Number:**  
**H.419/S.214**

**Lead Sponsors:**  
**Rep. Lawn & Sen. Cronin**

*This bill protects individuals and families who have medical debt from future financial harms.*

### **What does this legislation do?**

- Prohibits consumer reporting agencies from reporting medical debt on a consumer credit report.
- Prohibits a medical creditor or debt collector from selling medical debt to an individual or entity that purchases consumer debt for collection purposes.
- Creates certain restrictions on collections actions to collect debts owed for health care services.
- Strengthens protections in the courts for people with medical debt by better protecting their wages, reducing the interest rate on judgements, and exempting certain property from seizure to settle outstanding medical debt.

### **Why is this legislation needed?**

- For over a decade, the Commonwealth has led the nation with the highest health insurance coverage rate in the country, but having health insurance does not mean a person is protected from medical bills. [1 in 8](#) MA residents report having family medical debt.
- The most recent credit data shows the median amount of medical debt in collections in MA is [\\$1,438](#).
- Medical debt is [not a good predictor of creditworthiness](#) because medical expenses are often incurred involuntarily and unexpectedly. Recently, 10 states have passed legislation limiting credit reporting of medical debts – California, Colorado, Connecticut, Illinois, Maryland, Minnesota, New Jersey, New York, Rhode Island and Virginia.
- State law does not adequately protect people with medical debt in the court system. Right now, interest rates on judgements in MA are the highest in the country at 12%, making it impossible for some to pay off judgements as interest compounds.

### **Why is this a health equity issue?**

- The burden of medical debt in MA is not carried equally: [20%](#) of Non-Hispanic Black residents report having family medical debt, the highest in the Commonwealth.
- Communities of color have over [two times](#) the rate of medical debt in collections compared to white communities in MA, making them more vulnerable to aggressive debt collection practices.
- While credit scores and reports are meant to be objective, studies have consistently found that they reflect racial disparities and that people of color are [more likely to have lower credit scores](#).

For more information, please contact:

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