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S.P. 391

In Senate, March 11, 2025

An Act to Establish the Medical Debt Relief Program

Received by the Secretary of the Senate on March 5, 2025. Referred to the Committee on Health Coverage, Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator BALDACCI of Penobscot.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 9-A MRSA §6-118** is enacted to read:

3 **§6-118. Medical Debt Relief Program; administration**

4 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
5 following terms have the following meanings.

6 A. "Federal poverty level" means the nonfarm income official poverty line for a family
7 of the size involved, as defined by the federal Office of Management and Budget and
8 revised annually in accordance with the United States Omnibus Budget Reconciliation
9 Act of 1981, Section 673, Subsection 2.

10 B. "Medical debt" means debt that was accrued from the receiving or purchasing of
11 medical services, products or devices. For the purposes of this section, "medical debt"
12 must be liberally construed in order to not reduce the types of debt that may be subject
13 to discharge, cancellation or forgiveness.

14 C. "Medical services" means medical evaluation, diagnosis, treatment, rehabilitation
15 and transport provided by a licensed medical provider.

16 D. "Program" means the Medical Debt Relief Program established in subsection 2.

17 **2. Program established.** The Medical Debt Relief Program is established to relieve
18 medical debt for a resident of this State whose federal adjusted gross income is not more
19 than 400% of the federal poverty level, as measured by the person's federal income tax
20 return for the prior year. The program is administered by the Department of Professional
21 and Financial Regulation, Bureau of Consumer Credit Protection, which has the authority
22 to enter into a contract for the purchase, cancellation or forgiveness of medical debts.

23 **3. Medical debt eligibility requirements.** A resident of this State's medical debt is
24 eligible for relief under the program if the following conditions are met:

25 A. The medical debt was incurred in order to obtain medical services, products or
26 devices;

27 B. The medical debt is in collection or has been sold or assigned by the original medical
28 provider; and

29 C. The medical debt is owed by a resident of the State whose federal adjusted gross
30 income is not more than 400% of the federal poverty level.

31 **4. Notice.** Any resident of this State whose medical debt is discharged, cancelled or
32 forgiven under the program must be notified of the relief of the medical debt.

33 **5. Discharged, cancelled or forgiven medical debt not included in taxable income.**
34 Notwithstanding any provision of law to the contrary, for the purposes of state income
35 taxes, the amount of any medical debt discharged, cancelled or forgiven under the program
36 may not be included in a resident's taxable income.

37 **6. Report.** Beginning February 1, 2027 and annually thereafter, the Department of
38 Professional and Financial Regulation, Bureau of Consumer Credit Protection shall submit
39 a report on the program to the joint standing committee of the Legislature having
40 jurisdiction over health coverage, insurance and financial services matters.

1 **SUMMARY**

2 This bill establishes the Medical Debt Relief Program to be administered by the
3 Department of Professional and Financial Regulation, Bureau of Consumer Credit
4 Protection for the purchase, cancellation and forgiveness of medical debt for residents of
5 the State whose federal adjusted gross income is not more than 400% of the federal poverty
6 level and who meet other specified conditions. The bill provides that cancelled or forgiven
7 debt may not be included the individual's taxable income.