



## RMAI TESTIMONY ON LD 2115

Sen. Bailey, Rep. Perry, and distinguished members of the Committee, my name is David Reid and I serve as General Counsel to the Receivables Management Association International (RMAI), a nonprofit trade association of with over 620 members in all 50 states. RMAI's membership includes banks, non-bank lenders, debt buyers, collection agencies, and the businesses that support these companies. It is an honor to address you this afternoon concerning LD 2115.

Originally, I was going to testify in opposition to the bill in print because of challenges in operationalizing the bill's requirements. However, I understand that amendments are being proposed which would replace the current text to prohibit debt collectors from (1) charging interest, (2) charging fees, (3) taking legal action, and (4) reporting to credit bureaus. Based on this development, RMAI is testifying neither in support nor opposition on the bill as we wait to see the proposed bill text.

From an initial reading of the bullet points of the new proposal, the prohibitions on interest and fees appear reasonable. However, RMAI does have a concern related to the third bullet point that would provide a total blanket prohibition on legal action regardless of ability to pay. Legal action is always a last resort for the receivables industry due to time, cost, and complexity and only occurs after many attempts to obtain voluntary payments have failed. While RMAI would agree that litigation could, and perhaps should, be prohibited for individuals under certain circumstances such as if they fall below an income threshold, or for balances under a certain amount, or for individuals who qualify under the federal poverty index; but an outright ban on litigation for individuals who can afford to pay their debts would be highly problematic. We would respectfully ask that any litigation prohibition come with guiderails.

Alternatively, if the sponsor, committee, and stakeholders are open to an alternative approach which will enhance consumer protections related to the sale of medical debt, please see RMAI's attached redline.

RMAI understands that individuals do not seek health problems; it is something that has happened to them which requires medical treatment. And obviously medical treatment comes at a cost. RMAI agrees that special measures are often needed to protect the most vulnerable. RMAI appreciates the concerns Sen. Tipping has raised related to medical debt and RMAI looks forward to working with the sponsor, committee, and stakeholders on this legislation.

Thank you for your attention and I am available to answer any questions you may have.



## REQUESTED EDITS TO LD 2115

An Act Requiring Health Care Providers to Engage in Fair Practices When Selling Medical Debt

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

Sec. 1. 9-A MRSA §5-116-A, sub-§5 is enacted to read:

~~5. Offer to consumer to purchase~~ Sale of medical debt. A health care provider may not assign, sell or otherwise transfer a debt for health care services to a debt buyer unless the following conditions have been met: (1) the health care provider has applied any available charity care and insurance coverage to the unpaid balance; (2) the health care provider has complied with paragraph (a)(3) of this section and has provided the patient a minimum of 90 days to accept a payment arrangement; (3) the debt buyer is licensed as a debt collector under section 32 MRSA §11031; and (4) the superintendent may require by rule that debt buyers be certified by a national nonprofit trade association recognized by the superintendent as having high standards for the purchase and sale of debt for health care services.

~~collector for less than the total amount of the debt unless the health care provider has offered the consumer responsible for the debt the opportunity to acquire the debt at the same reduced amount as the debt collector before the debt collector acquires the debt from the health care provider.~~

Sec. 2. 32 MRSA §11013, sub-§12 is enacted to read:

~~12. Collection action prohibited on debt from medical expenses if consumer not offered purchase of debt. A debt collector may not collect or attempt to collect a debt for medical expenses against a consumer unless the debt collector has acquired the debt from a health care provider that has complied with the requirements of Title 9-A, section 5-116-A, subsection 5.~~

**Commented [DR1]:** RMAI is not aware of how the process described in section one of the bill could be operationalized given that debts are sold in portfolios rather than as single transactions.

However, RMAI believes the sponsor could create robust requirements to ensure that: (1) charity care and insurance coverage is applied; (2) flexible payment arrangements have been offered the consumer; and (3) the debt buyer who is purchasing the accounts is qualified and adheres to robust standards.

**Commented [DR2]:** This text would hold debt collectors accountable for the actions of a third-party. Realistically, the only one who would know whether the health care provider has fulfilled their responsibility under 9-A MRSA §5-116-A is the health care provider. Based on this, RMAI respectfully requests this provision be removed.

### About RMAI

Receivables Management Association International (RMAI) is a nonprofit trade association representing more than 600 companies that purchase or support the purchase of performing and nonperforming receivables on the secondary market. The RMAI [Receivables Management Certification Program](#) and [Code of Ethics](#) set the global standard within the receivables industry due to the rigorous uniform standards of best practice which focus on protecting consumers. More information about RMAI is available at [www.rmaintl.org](http://www.rmaintl.org).