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Testimony on behalf of Maine Equal Justice in *Support* of LD 2129, Act to Prohibit Liens on Principal Residences and Wage Garnishments for Medical Debt

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Good morning, Senator Baily, Representative Mathieson, and members of the Committee on Health Coverage, Insurance and Financial Services. I'm Andrea Steward (she/her/hers) a policy advocate at Maine Equal Justice, a nonprofit civil legal aid provider working to increase economic security, opportunity, and equity for people in Maine.

Thank you for the opportunity to offer testimony in support of LD 2129 to protect Maine consumers' housing and economic security.

Medical debt is often involuntary and unpredictable, and affects our most vulnerable populations at over-indexed rates. The burden of this debt is a systemic failure and a growing problem across the country. Maine has one of the highest rates of medical debt in the Northeast. According to a 2025 statewide survey conducted by Digital Research Inc., 45% of Mainers surveyed reported incurring some form of medical debt in the last two years, and one in four households with medical debt owed \$5,000 or more.¹ Medical debt affects all Mainers.

The financial burden of medical debt is significantly higher for low-income households, and those who are under or uninsured. In 2024, 42.8% of Maine's population fell below 400% of the federal poverty line (FPL), with 10.8% of the population living below 100% of the FPL or on less than \$27,320 annually for a family of three.² The percentage of Mainers living in poverty has increased year over year. Anyone, though, can find

¹ American Cancer Society Cancer Action Network, *Medical Debt and Cancer in Maine, 2024*.
<https://www.fightcancer.org/policy-resources/medical-debt-and-cancer>; *2026 Poverty Guidelines*
<https://aspe.hhs.gov/sites/default/files/documents/b1bfa16b20ae9b89d525bc35de7c1643/detailed-guidelines-2026.pdf>

² KFF, *Distribution of Total Population by Federal Poverty Level, 2024*.
<https://www.kff.org/state-health-policy-data/state-indicator/distribution-by-fpl/>

themselves suddenly and devastatingly with unmanageable medical debt; medical bills are so high that seven in ten adults nationally report receiving a bill they could not afford, regardless of insurance status.³

Communities of color face disproportionately high levels of medical debt, and many immigrants in Maine lack access to health insurance and rely on emergency services, resulting in higher medical bills.⁴ Our general population is aging, and older adults have greater medical needs and thus face higher costs for care and more complex billing, making them particularly vulnerable to errors and debt accumulation.⁵ People with disabilities and serious or chronic illness face higher medical costs and coverage gaps.

Carrying medical debt also causes people to delay or avoid additional care for fear of increased debt, and those with serious and on-going illness are particularly vulnerable. Medical debt itself is an additional barrier to care and results in poorer health outcomes and higher costs long term. Nearly half of cancer survivors report carrying debt related to their treatment; delaying or forgoing on-going care increases risk of mortality among survivors.⁶ Medical debt and its associated risks cost lives. No one should be further penalized because they have a medical need, especially those who are already marginalized from our health care system.

Unpaid medical debt can sometimes result in creditors placing a lien on a patient's property or seeking a court order for wage garnishment in an attempt to collect a payment, whether or not the person has the resources to make the payment or meet their basic needs. Liens can also further damage a person's credit score and restrict people from selling or refinancing their home until their debt is paid, narrowing their opportunities to dig out of their debt. Liens on primary residences and wage garnishment are extreme responses to the inability to pay for non-elective and often life-saving medical care. Medical debt is associated with many compounding burdens: damaged credit, housing insecurity, financial destabilization. We are all at risk. Illness should not result in losing a paycheck or a home. Patients are more likely to see through on all recommendations for care and in a timely manner when they are protected against losing their home or wages.⁷ By reducing the potential burdens of medical debt, we will improve health outcomes for Mainers.

³ Id.

⁴ Urban Institute, *Communities of Color Disproportionally Suffer from Medical Debt*, 2022. <https://www.urban.org/urban-wire/communities-color-disproportionally-suffer-medical-debt>

⁵ CFPB. May 30, 2023.

<https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-medical-billing-and-collections-among-older-americans/full-report/>

⁶ American Cancer Society Cancer Action Network, *Medical Debt and Cancer in Maine*, 2024. <https://www.fightcancer.org/policy-resources/medical-debt-and-cancer>

⁷ Id.

LD 2129 expands on Maine's strong record of consumer protections for those carrying medical debt. While a vast majority of Americans, over 90%, support protections from aggressive medical debt collection practices, Maine should join other states in taking action to protect residents from wage garnishment and lien.⁸ This bill will ensure that a medical emergency does not become a permanent financial catastrophe. When we protect the homes and wages of Maine families, we protect health outcomes.

For these reasons Maine Equal Justice urges you to vote ought to pass on LD 2129.

⁸ Undue Medical Debt, *Trapped—America's Crippling Medical Debt Crisis*, 2023.
<https://unduemedicaldebt.org/trapped-americas-crippling-medical-debt-crisis/>