

132nd Legislature
Senate
of Maine
Senate District 31

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Testimony of Senator Donna Bailey introducing
LD 558, An Act to Strengthen Consumer Protections by Prohibiting the
Report of Medical Debt on Consumer Reports
Before the Joint Standing Committee on Health Coverage, Insurance, and Financial Services
Tuesday, March 25, 2025

Representative Gramlich, and Esteemed Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services, as you know, my name is Donna Bailey, and I proudly represent Senate District 31, which includes Buxton, Old Orchard Beach, and Saco. Today, I am pleased to introduce my bill LD 558, “An Act to Strengthen Consumer Protections by Prohibiting the Report of Medical Debt on Consumer Reports.”

As a State Senator and the Senate Chair of this committee, I often hear from Mainers who are struggling with medical debt. Medical debt is prevalent in Maine and across the country. In recent years, 40 percent of Mainers and about 41 percent of Americans have had medical debt.

In response to growing medical debt, medical credit cards have been marketed as a helpful financing tool. However, this type of credit card often employs practices that can trap patients in debt. According to the Public Interest Research Group, medical credit cards often charge exceedingly high interest rates and skirt consumer protection laws regulating traditional credit cards.

The Consumer Financial Protection Bureau found interest payments on medical credit cards can inflate medical bills by almost 25 percent. People used medical credit cards or loans with deferred interest periods to pay for more than 17 million medical bills from 2018 to 2020, for which they ended up paying \$1 billion in deferred interest.

In the 131st Legislature, Maine lawmakers adopted legislation from my colleague Sen. Mike Tipping, which targeted exploitative debt collection practices. That new law prohibits debt collectors from tacking on additional fees or employing deceptive, false, or misleading representations. It also protects folks who are struggling financially from being dragged into costly litigation by debt collectors.

The Legislature also considered a proposal from former Senate President Troy Jackson, to better protect patients from predatory medical credit card companies by putting basic consumer protections in place. The measure passed the Senate with bipartisan support, but was

unsuccessful in the House of Representatives.

Back to LD 558. It's clear that we have more work to do. Today, Consumers for Affordable Health Care released data that shows that nearly half of Maine families have taken on medical debt in the last two years. In addition, one out of four Maine families with medical debt owe \$5,000 or more. More than half of Mainers with medical debt report their credit score has been negatively affected by medical debt, and, as we know, a lower credit score can negatively impact someone's ability to rent or otherwise obtain housing. The majority have indicated that their ability to obtain employment or loans has been negatively impacted by their debt.

LD 558 would help to shield Mainers from having their medical debt appear on their consumer reports. As health care costs continue to rise faster than inflation and more Mainers struggle to meet their basic needs, we need to do what we can to protect Mainers who struggle to afford the health care they need and address medical debt.

I thank the Committee for its time, and I would be happy to answer any questions.

A handwritten signature in black ink, appearing to read 'Donna Bailey', with a long, sweeping underline.

Donna Bailey
State Senator, Senate District 31
Buxton, Old Orchard Beach, and Saco