

Testimony of Trevor Putnoky

to the Joint Standing Committee on Health Coverage, Insurance and Financial Services

In Support of

LD 558, An Act to Strengthen Consumer Protections by Prohibiting the Report of Medical Debt on Consumer Reports

March 25, 2025

Good afternoon, Senator Bailey, Representative Gramlich, and Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services.

My name is Trevor Putnoky. I'm the President and CEO of the Healthcare Purchaser Alliance of Maine and I'm here today to testify in support of LD 558.

The HPA is a nonprofit that represents the purchasers of health care in Maine. Our mission is to advance and support access to high-quality, affordable care. We have over 60 members, including some of the largest public and private employers and health trusts in Maine. Collectively, our members spend over a billion dollars annually providing health care for nearly one quarter of the commercially insured population in the state.

With the costs of healthcare continuing to rise, Maine consumers are increasingly struggling—and sometimes failing—to afford the costs of care. Many Mainers—particularly the most financially vulnerable among us—are skipping necessary care because they can't afford it, and when they do get care, they are often left with medical debt that takes years to pay off.¹

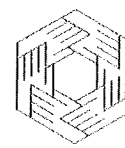
A recent survey of Mainers revealed the extent of those struggles, with 38 percent of Mainers reporting that they skipped or delayed going to the doctor when they were sick due to costs. And nearly one-third struggled to pay for basic necessities like food, heat, or housing due to medical bills. Not surprisingly, nearly half (45 percent) of Maine households have medical debt.² Survey data also found that nearly 30 percent of Mainers were contacted by a collection agency within the past two years due to a medical bill, with 83 percent reporting that contact was due to a hospital bill.³ Another survey by the Kaiser Family Foundation found that nearly one in five adults with medical debt don't think they will ever pay off that debt.⁴

¹ Digital Research Inc., *Views of Maine Voters On Health Care Affordability*, Consumers for Affordable Health Care, May 11, 2023. Available at: https://mainecahcorg.presencehost.net/file_download/7383e8ab-ca5a-4569-b9d3-d230b0fb029a.

² Digital Research Inc., *Examining Views Toward Health Care in Maine: Preliminary updated survey results*, Consumers for Affordable Health Care, January 2025.

³ Digital Research Inc., *Views of Maine Voters on Health Care Affordability*.

⁴ Lunna Lopes, Audrey Kearney, Alex Montero, Liz Hamel, and Mollyann Brodie, "Health Care Debt in the U.S.: The Broad Consequences of Medical and Dental Bills," *Kaiser Family Foundation*, June 16, 2022. Available at: <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>.



Such medical debt is a leading cause of bankruptcy in the U.S.⁵ And among those adults who have incurred medical debt—60 percent say they have been forced to cut back on basic necessities like food or clothing.⁶ Moreover, black and Latino adults and women are much more likely to incur medical debt.⁷ Further, according to the Commonwealth Fund, “uninsured patients, those from low-income households, adults with disabilities, and young families with children are all at a heightened risk of being saddled with medical debt.”⁸

Many of us are one illness or accident away from facing an unaffordable medical bill. Even those with insurance are at risk, with a 2023 survey finding that between 30–33 percent of those with commercial insurance or Medicare have medical debt. As prominent healthcare expert Elisabeth Rosenthal wrote in 2022, “outlays for medical treatments are generally not something we can consider in advance and decide—yes or no—to take on. They are thrust upon us by illness, accident, and bad luck. Medical treatment generally has no predictable upfront price and there is no cap on what we might owe.”⁹

Medical debt may also result from billing errors, with patient billing advocates estimating that up to 80 percent of medical bills contain errors.¹⁰ And in fact, one study found that medical collections are disputed at three times the rate of disputes on credit card debt.¹¹ Plan sponsors try to identify such errors through claims audits, but are often precluded from doing so due to limitations in their administrative services contracts.

⁵ David U. Himmelstein et al., “Medical Bankruptcy: Still Common Despite the Affordable Care Act,” *American Journal of Public Health* 109, no. 3 (Mar. 2019): 431–33.

⁶ Maanasa Kona and Vrudhi Raimugia, “State Protections Against Medical Debt: A Look at Policies Across the U.S.,” *The Commonwealth Fund*, September 7, 2023. Available at: <https://www.commonwealthfund.org/publications/fund-reports/2023/sep/state-protections-medical-debt-policies-across-us>.

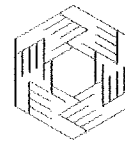
⁷ Miranda Santillo et al., “Communities of Color Disproportionally Suffer from Medical Debt,” *Urban Wire (blog)*, Urban Institute, Oct. 14, 2022. Available at: <https://www.urban.org/urban-wire/communities-color-disproportionally-suffer-medical-debt>; Neil Bennett et al., “19% of U.S. Households Could Not Afford to Pay for Medical Care Right Away,” *U.S. Census Bureau*, Apr. 7, 2021. Available at: <https://www.census.gov/library/stories/2021/04/who-had-medical-debt-in-united-states.html>; and Robin A. Cohen and Amy E. Cha, “Problems Paying Medical Bills: United States, 2021,” *National Health Statistics Reports*, no. 180 (National Center for Health Statistics, Jan. 18, 2023). Available at: <https://www.cdc.gov/nchs/data/nhsr/nhsr180.pdf>.

⁸ *Ibid.*

⁹ Elisabeth Rosenthal, “The Debt Crisis That Sick Americans Can’t Avoid,” *KFF Health News*, August 2, 2022. Available at: <https://kffhealthnews.org/news/article/medical-debt-costs-bankruptcy-college-loan-forgiveness/>.

¹⁰ Kelly Gooch, “Medical billing errors growing, says Medical Billing Advocates of America,” *Becker’s Hospital Review*, April 12, 2016. Available at: <https://www.beckershospitalreview.com/finance/medical-billing-errors-growing-says-medical-billing-advocates-of-america/>.

¹¹ Sara R. Collins, “The Federal Rule on Medical Debt,” *The Commonwealth Fund*, February 27, 2025. Available at: <https://www.commonwealthfund.org/publications/explainer/2025/feb/federal-rule-on-medical-debt#:~:text=Is%20medical%20debt%20a%20reliable,those%20with%20higher%20credit%20scores>.



Further, numerous studies have observed that medical debt has little predictive value regarding future creditworthiness, finding that those with credit scores reduced due to medical debt were just as likely to repay loans as those with higher credit scores.¹² And indeed, in 2023, the three major credit agencies removed medical debts of less than \$500 from their credit reports. Further, several states also now prohibit inclusion of medical bills in credit reports. And earlier this year, the federal Consumer Financial Protection Bureau (CFPB) issued final regulations prohibiting consumer reporting agencies from including medical debt information on credit reports sent to creditors making lending decisions, although implementation of that rule has been placed on hold by the Trump Administration.¹³

With the fate of the federal regulation up in the air, LD 558 would ensure that the many Mainers with medical debt do not have their credit impaired due to medical bills that are often out of their control. Moreover, LD 558 would afford consumers broader protections than contemplated in the federal rule, in that it would prohibit credit reporting agencies from including medical debt on credit reports to other entities beyond lenders, including employers and landlords. Eliminating these credit impairments would provide tremendous financial relief to consumers struggling with medical debt. For instance, CFPB estimated that the pending federal rule would increase the credit scores of those with medical debt by 20 points, on average. And it's estimated that a 20-point increase in a consumer's credit score would save a home buyer more than \$20,000 in interest payments over the life of a 30-year loan.¹⁴

When a patient incurs debt due to illness, accident, or health conditions beyond their control, we think it's appropriate that such debt not affect their credit rating—particularly given the clear evidence that such debt is not predictive of future creditworthiness.

We hope that the committee will support this common-sense solution to assist the many Mainers who struggle with medical debt. Thank you for the opportunity to provide HPA's feedback on LD 558 and thank you, Senator Bailey, for bringing forward this solution to an issue facing way too many of our fellow Mainers. I'd be happy to answer any questions and will be available for the work session.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.