
This act summary is provided for the convenience of the public and members of the General Assembly. It is intended to provide a general summary of the act and may not be exhaustive. It has been prepared by the staff of the Office of Legislative Counsel without input from members of the General Assembly. It is not intended to aid in the interpretation of legislation or to serve as a source of legislative intent.

Act No. 21 (S.27). An act relating to medical debt relief and excluding medical debt from credit reports

Subjects: Consumer protection; health; medical debt; credit reporting

This act appropriates \$1 million to the State Treasurer in fiscal year 2026 for a contract with a nonprofit entity to acquire and repay certain medical debts incurred by Vermonters. To be eligible for medical debt repayment, the act requires that the debtor be a Vermont resident who either has a household income at or below 400 percent of the federal poverty level (FPL) or owes a medical debt in an amount that is five percent or more of the debtor's household income and whose patient account still has an outstanding balance even after the health care provider has completed its routine efforts to collect the amounts due. The act adds a definition of "behavioral health" to the Vermont Statutes Annotated for limited purposes and allows a nonprofit organization to request a consumer's credit report without the consumer's permission in order to determine the consumer's eligibility for abolition of medical debt. The act also prohibits credit reporting agencies from reporting medical debt information or maintaining medical debt information in a consumer's file and forbids large health care facilities and medical debt collectors from reporting medical debts to consumer reporting agencies.

Effective Date: July 1, 2025