1	H.112

2	Introduced by Representatives Black of Essex, Arsenault of Williston,
3	Berbeco of Winooski, Birong of Vergennes, Bishop of
4	Colchester, Bluemle of Burlington, Bos-Lun of Westminster,
5	Brown of Richmond, Burkhardt of South Burlington, Burrows
6	of West Windsor, Campbell of St. Johnsbury, Carris-Duncan of
7	Whitingham, Casey of Montpelier, Cina of Burlington, Coffin
8	of Cavendish, Cole of Hartford, Critchlow of Colchester, Dema
9	of Enosburgh, Eastes of Guilford, Garofano of Essex, Goldman
10	of Rockingham, Graning of Jericho, Greer of Bennington,
11	Holcombe of Norwich, Hooper of Randolph, Hooper of
12	Burlington, Howard of Rutland City, Hunter of Manchester,
13	Kleppner of Burlington, Krasnow of South Burlington, LaMont
14	of Morristown, Logan of Burlington, Long of Newfane,
15	McFaun of Barre Town, McGill of Bridport, Mrowicki of
16	Putney, Noyes of Wolcott, Nugent of South Burlington, O'Brien
17	of Tunbridge, Ode of Burlington, Page of Newport City, Pouecl
18	of Hinesburg, Powers of Waterford, Rachelson of Burlington,
19	Satcowitz of Randolph, Stevens of Waterbury, Stone of
20	Burlington, Tomlinson of Winooski, Torre of Moretown,

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1	Waszazak of Barre City, Waters Evans of Charlotte, Wood of
2	Waterbury, and Yacovone of Morristown
3	Referred to Committee on
4	Date:
5	Subject: Health; consumer protection; credit reporting; medical debt
6	Statement of purpose of bill as introduced: This bill proposes to direct the
7	State Treasurer to contract with an entity to acquire and abolish certain medical
8	debts for Vermonters with incomes at or below 400 percent of the federal
9	poverty level or who owe medical debt equal to five percent or more of their
10	household income. The bill would also prohibit credit reporting agencies from
11	reporting or maintaining information on Vermonters' medical debt and would
12	prohibit health care providers from reporting medical debt to credit reporting
13	agencies.
14 15	An act relating to medical debt relief and excluding medical debt from credit reports
16	It is hereby enacted by the General Assembly of the State of Vermont:
17	Sec. 1. STATE TREASURER; MEDICAL DEBT RELIEF;
18	APPROPRIATION
19	(a) The sum of \$1,000,000.00 is appropriated to the State Treasurer from
20	the General Fund in fiscal year 2026 for the purpose of contracting with a

1	nonprofit entity to acquire and repay certain medical debts incurred by
2	Vermont residents as set forth in this section.
3	(b) The State Treasurer shall ensure that the entity with which the Treasurer
4	contracts under this section will:
5	(1) purchase the medical debt of eligible debtors from health care
6	providers at fair market value;
7	(2) abolish the debt with no cost or tax consequences for the debtor; and
8	(3) coordinate with the health care provider or collections agency to
9	ensure that any adverse information resulting from the medical debt is removed
10	from the debtor's consumer credit report following the contractor's purchase
11	and abolition of the debt.
12	(c) In order to be eligible for repayment of medical debt under this section,
13	the following conditions must be met:
14	(1) the debtor shall be a Vermont resident who either has a household
15	income that is at or below 400 percent of the federal poverty level for the
16	applicable household size or who owes medical debt in an amount that is five
17	percent or more of the debtor's household income; and
18	(2) the debtor's patient account still maintains an outstanding balance
19	even after the health care provider has completed its routine efforts to collect
20	the amounts due.

20

1	Sec. 2. 2022 Acts and Resolves No. 83, Sec. 53(b)(5)(B), as amended by 2022
2	Acts and Resolves No. 185, Sec. C.102 and 2023 Acts and Resolves No. 78,
3	Sec. E.1000, is further amended to read:
4	(B) \$20,000,000 \$19,000,000 shall be appropriated to the State
5	Treasurer's Office and used for redeeming State of Vermont general obligation
6	bonds prior to maturity.
7	Sec. 3. 9 V.S.A. § 2466d is added to read:
8	§ 2466d. REPORTING OF MEDICAL DEBT INFORMATION
9	<u>PROHIBITED</u>
10	A credit reporting agency shall not report or maintain in the file on a
11	consumer information relating to a medical debt, as defined in 18 V.S.A.
12	<u>§ 9481.</u>
13	Sec. 4. 9 V.S.A. § 2480b is amended to read:
14	§ 2480b. DISCLOSURES TO CONSUMERS
15	* * *
16	(c) Any time a credit reporting agency is required to make a written
17	disclosure to consumers pursuant to 15 U.S.C. § 1681g, it shall disclose, in at
18	least 12-point type, and in bold type as indicated, the following notice:
19	"NOTICE TO VERMONT CONSUMERS

* * *

1	(2) Under Vermont law, no one may access your credit report without
2	your permission except under the following limited circumstances:
3	* * *
4	(F) where the request for a credit report is related to a credit
5	transaction entered into prior to January 1, 1993; or
6	(G) where the request for a credit report is by the Vermont
7	Department of Taxes and is used for the purpose of collecting or investigating
8	delinquent taxes; or
9	(H) where the request for a credit report is by an organization that is
10	exempt from taxation under Section 501(c)(3) of the Internal Revenue Code
11	for the purpose of determining eligibility for the abolition of medical debt.
12	* * *
13	Sec. 5. 9 V.S.A. § 2480g is amended to read:
14	§ 2480g. EXEMPTIONS
15	* * *
16	(e) The provisions of section 2480e of this title shall not apply to an
17	organization that is exempt from taxation under Section 501(c)(3) of the
18	Internal Revenue Code when determining eligibility for the abolition of
19	medical debt.

1	Sec. 6. 18 V.S.A. chapter 221, subchapter 10 is amended to read:
2	Subchapter 10. Patient Financial Assistance and Medical Debt
3	* * *
4	§ 9485. PROHIBITION ON SALE <u>OR REPORTING</u> OF MEDICAL DEBT
5	(a)(1) No large health care facility shall sell its medical debt except as
6	provided in subdivision (2) of this subsection.
7	(2) A large health care facility may sell or otherwise transfer its medical
8	debt to an organization that is exempt from taxation under Section 501(c)(3) of
9	the Internal Revenue Code for the specific purpose of the tax-exempt
10	organization abolishing the medical debt of one or more patients by
11	cancellation of the indebtedness.
12	(b) No large health care facility or medical debt collector shall report or
13	otherwise furnish any portion of a medical debt to a credit reporting agency.
14	* * *
15	Sec. 7. EFFECTIVE DATE
16	This act shall take effect on July 1, 2025.