

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Health Care to which was referred Senate Bill No. 27  
3 entitled “An act relating to medical debt relief and excluding medical debt  
4 from credit reports” respectfully reports that it has considered the same and  
5 recommends that the House propose to the Senate that the bill be amended by  
6 striking out all after the enacting clause and inserting in lieu thereof the  
7 following:

8 Sec. 1. STATE TREASURER; MEDICAL DEBT RELIEF;

9 APPROPRIATION

10 (a) The sum of \$1,000,000.00 is appropriated to the State Treasurer from  
11 the General Fund in fiscal year 2026 for the purpose of contracting with a  
12 nonprofit entity to acquire and repay certain medical debts incurred by  
13 Vermont residents as set forth in this section.

14 (b) The State Treasurer shall ensure that the entity with which the Treasurer  
15 contracts under this section will:

16 (1) purchase the medical debt of eligible debtors from health care  
17 providers at fair market value;

18 (2) abolish the debt with no cost or tax consequences for the debtor; and

19 (3) coordinate with the health care provider or collections agency to  
20 ensure that any adverse information resulting from the medical debt is removed

1 from the debtor's consumer credit report following the contractor's purchase  
2 and abolition of the debt; and

3 (4) notify each individual whose medical debt was abolished  
4 pursuant to this section:

5 (A) the amount of the individual's medical debt that was  
6 abolished and the name of the health care provider or providers from  
7 whom the entity purchased the individual's debt;

8 (B) the estimated percentage of the federal poverty level that  
9 corresponds to the individual's household income; and

10 (C) the availability of financial assistance policies at all Vermont  
11 hospitals in accordance with 18 V.S.A. § 9482, including the following  
12 minimum discounts:

13 (i) a 100 percent discount for individuals with household  
14 income at or below 250 percent of the federal poverty level; and

15 (ii) at least a 40 percent discount for individuals with  
16 household income between 250 and 400 percent of the federal poverty  
17 level.

18 (c) In order to be eligible for repayment of medical debt under this section,  
19 the following conditions must be met:

20 (1) the debtor shall be a Vermont resident who either has a household  
21 income that is at or below 400 percent of the federal poverty level for the

1 applicable household size or who owes medical debt in an amount that is five  
2 percent or more of the debtor's household income; and

3 (2) the debtor's patient account still maintains an outstanding balance  
4 even after the health care provider has completed its routine efforts to collect  
5 the amounts due.

6 Sec. 2. 2022 Acts and Resolves No. 83, Sec. 53(b)(5)(B), as amended by 2022  
7 Acts and Resolves No. 185, Sec. C.102 and 2023 Acts and Resolves No. 78,  
8 Sec. E.1000, is further amended to read:

9 (B) ~~\$20,000,000~~ \$19,000,000 shall be appropriated to the State  
10 Treasurer's Office and used for redeeming State of Vermont general obligation  
11 bonds prior to maturity.

12 Sec. 3. 9 V.S.A. § 2466d is added to read:

13 § 2466d. REPORTING OF MEDICAL DEBT INFORMATION

14 PROHIBITED

15 (a) A credit reporting agency shall not report or maintain in the file on a  
16 consumer information relating to a medical debt.

17 (b) As used in this section:

18 (1) "Health care services" means services for the diagnosis, prevention,  
19 treatment, cure, or relief of a physical, dental, behavioral, or mental health  
20 condition or substance use disorder, including counseling, procedures,  
21 products, devices, and medications.

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1 (G) where the request for a credit report is by the Vermont  
2 Department of Taxes and is used for the purpose of collecting or investigating  
3 delinquent taxes; or

4 (H) where the request for a credit report is by an organization that is  
5 exempt from taxation under Section 501(c)(3) of the Internal Revenue Code  
6 for the purpose of determining eligibility for the abolition of medical debt.

7 \* \* \*

8 Sec. 5. 9 V.S.A. § 2480g is amended to read:

9 § 2480g. EXEMPTIONS

10 \* \* \*

11 (e) The provisions of section 2480e of this title shall not apply to an  
12 organization that is exempt from taxation under Section 501(c)(3) of the  
13 Internal Revenue Code when determining eligibility for the abolition of  
14 medical debt; provided, however, that the exemption from the provisions  
15 of section 2480e of this title shall not apply to a tax-exempt organization  
16 that is a large health care facility, as defined in 18 V.S.A. § 9481.

17 Sec. 6. 18 V.S.A. chapter 221, subchapter 10 is amended to read:

18 Subchapter 10. Patient Financial Assistance and Medical Debt

19 \* \* \*

20 § 9485. PROHIBITION ON SALE OR REPORTING OF MEDICAL DEBT

(a)(1) No large health care facility shall sell its medical debt except as provided in subdivision (2) of this subsection.

(2) A large health care facility may sell or otherwise transfer its medical debt to an organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code for the specific purpose of the tax-exempt organization abolishing the medical debt of one or more patients by cancellation of the indebtedness.

(b) No large health care facility or medical debt collector shall report or otherwise furnish any portion of a medical debt to a credit reporting agency.

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## Sec. 7. EFFECTIVE DATE

This act shall take effect on July 1, 2025.

(Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

FOR THE COMMITTEE