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;
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 pursuant to
4	this section:
5	(A) the amount of the individual's medical debt that was abolished
6	and the name of the health care provider or providers from whom the entity
7	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) that financial assistance policies are available 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 income
14	at or below 250 percent of the federal poverty level; and
15	(ii) at least a 40 percent discount for individuals with household
16	income between 250 and 400 percent of the federal poverty level.
17	(c) In order to be eligible for repayment of medical debt under this section,
18	the following conditions must be met:
19	(1) the debtor shall be a Vermont resident who either has a household
20	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) $\frac{20,000,000}{19,000,000}$ 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.

1	(2) "Medical debt" means debt arising from health care services,
2	including dental services, or from health care goods, including products,
3	devices, durable medical equipment, and prescription drugs. "Medical debt"
4	does not include debt arising from services provided by a veterinarian; debt
5	charged to a credit card unless the credit card is issued under an open-end or
6	closed-end credit plan offered solely for the payment of health care services;
7	debt charged to a home equity or general-purpose line of credit; or secured
8	<u>debt</u> .
9	Sec. 4. 9 V.S.A. § 2480b is amended to read:
10	§ 2480b. DISCLOSURES TO CONSUMERS
11	* * *
12	(c) Any time a credit reporting agency is required to make a written
13	disclosure to consumers pursuant to 15 U.S.C. § 1681g, it shall disclose, in at
14	least 12-point type, and in bold type as indicated, the following notice:
15	"NOTICE TO VERMONT CONSUMERS
16	* * *
17	(2) Under Vermont law, no one may access your credit report without
18	your permission except under the following limited circumstances:
19	* * *
20	(F) where the request for a credit report is related to a credit
21	transaction entered into prior to January 1, 1993; or

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 <u>; or</u>
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 of
15	section 2480e of this title shall not apply to a tax-exempt organization that is a
16	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

1	(a)(1) No large health care facility shall sell its medical debt except as
2	provided in subdivision (2) of this subsection.
3	(2) A large health care facility may sell or otherwise transfer its medical
4	debt to an organization that is exempt from taxation under Section 501(c)(3) of
5	the Internal Revenue Code for the specific purpose of the tax-exempt
6	organization abolishing the medical debt of one or more patients by
7	cancellation of the indebtedness.
8	(b) No large health care facility or medical debt collector shall report or
9	otherwise furnish any portion of a medical debt to a credit reporting agency.
10	* * *
11	Sec. 7. EFFECTIVE DATE
12	This act shall take effect on July 1, 2025.
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17	(Committee vote:)
18	
19	Representative
20	FOR THE COMMITTEE