



VERMONT
COMMUNITY ACTION
PARTNERSHIP

Testimony in support of
S. 27 An act relating to medical debt relief
and excluding medical debt from credit reports
4/3/2025



Presented by: Liz Scharf
Director of

Community Economic Development
Capstone Community Action

 AFCPE Accredited Financial Counselor®

VCAP LEADERSHIP



BROC Community Action
 TOM DONAHUE
 tdonahue@broc.org
 802-665-1723
 45 Union Street, Rutland VT 05701
Serving Rutland and Bennington Counties



Capstone Community Action
 ALISON CALDERARA
 acalderara@capstonevt.org
 802-479-1053
 20 Gable Place, Barre, VT 05461
Serving Addison (Granville, Hancock), Washington, Orange, Lamoille, Rutland (Pittsfield) and Windsor (Barnard, Bethel, Rochester, Royalton, Sharon, Stockbridge) Counties



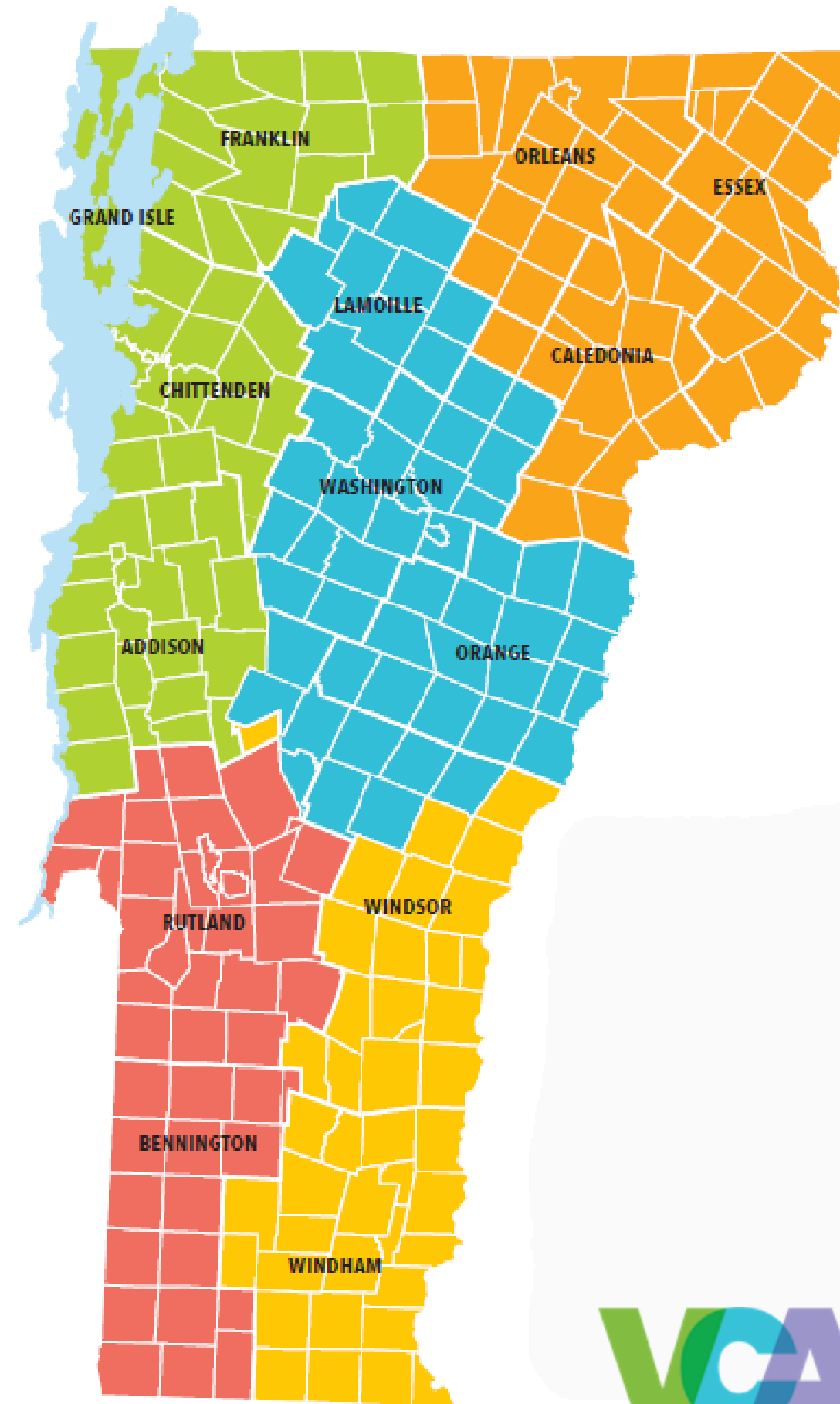
Champlain Valley Office of Economic Opportunity
 PAUL DRAGON
 pdragon@cvoeo.org
 802-863-2771 ext. 740
 PO Box 1603, Burlington, VT 05402
Serving Chittenden, Franklin, Grand Isle and Addison Counties (except for Granville and Hancock)



Northeast Kingdom Community Action
 JENNA O'FARRELL
 jofarrell@nekcv.org
 802-334-7316 / 802-748-6040
 10 Main Street, PO Box 346, Newport, VT 05855
Serving Orleans, Essex and Caledonia Counties



Southeastern Vermont Community Action
 JOSH DAVIS
 jdavis@sevca.org
 802-722-4575
 91 Buck Drive, Westminster, VT 05158
Serving Windham and Windsor Counties (except for Barnard, Bethel, Rochester, Royalton, Sharon and Stockbridge)





FINANCIAL COACHING

Across Vermont, **FINANCIAL COACHES** are supporting Vermonters in making wise financial decisions to increase economic security. Coaches support individuals and families with the following:

- Creating a budgeting and spending plan
- Credit coaching and credit building strategies
- Debt management
- Financial goal setting
- Tips and resources to save on living expenses
- Financial Fraud Education
- Navigating Benefits and Programs
- Monthly financial literacy workshops

The Community Action Network of Financial Coaches are AFCPE® Accredited Financial Counselors®

The Association of Financial Counseling and Planning Education is a national nonprofit organization and the nationally recognized leader in financial counseling, coaching and education



FINANCIAL COACHING REQUEST	
FY25	FY26
\$170,300	\$528,000
INCREASE FY25 to FY26	\$358,000

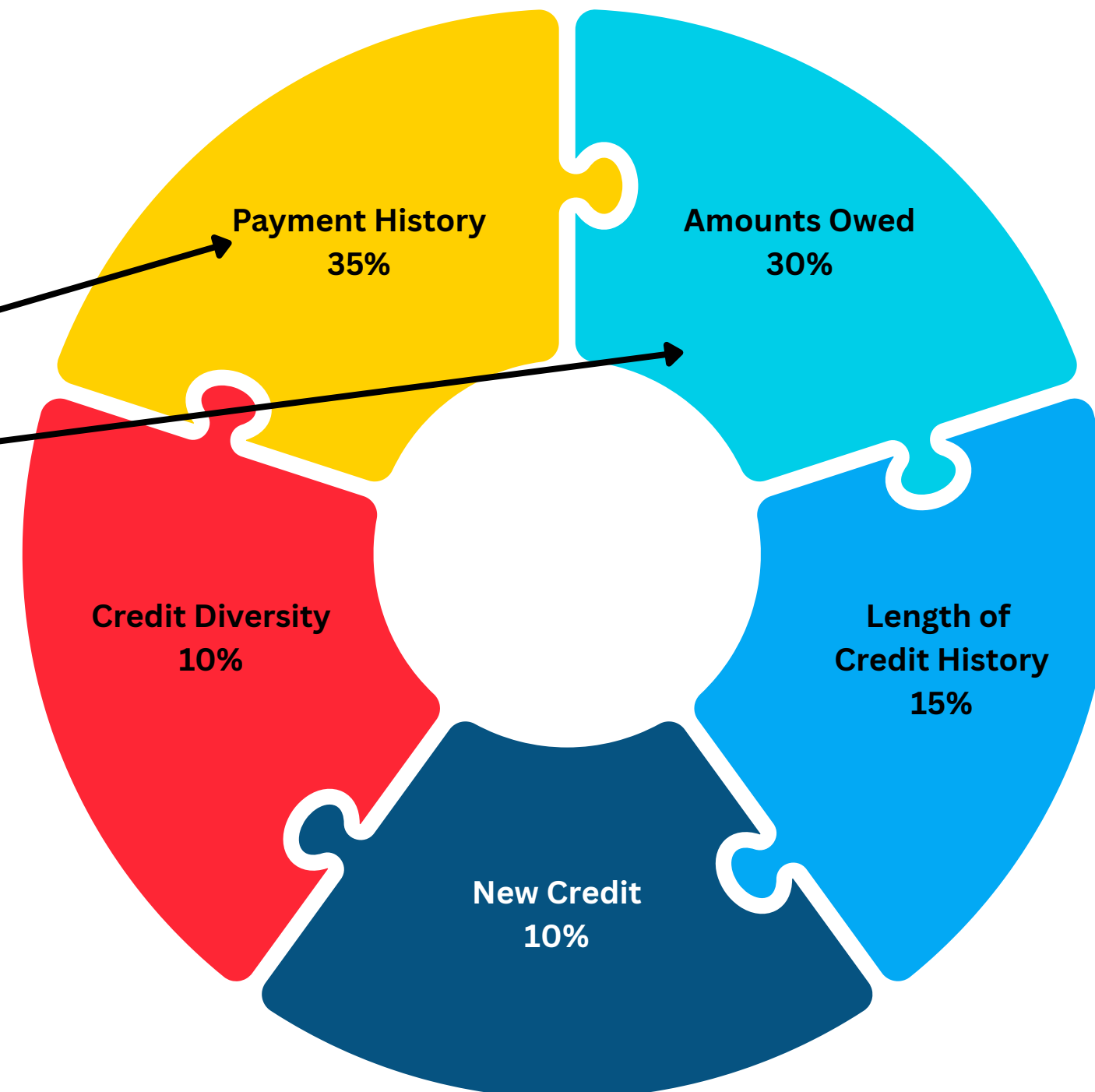
This includes an increase from ~0.3 FTE to 1.0 FTE per agency





How Debt Affects Credit Scores

When medical Debt
(or any debt) is in
collections that
effects:
Payment History
Amounts Owed
(65% of score)





Why Having Good Credit Matters

Having a credit score of 650 can mean access to:

- Approval for an apartment rental application
- Conventional loans
- Lower interest rates on car loans and other loans
- Employment
- Lower car insurance and home insurance premiums
- Generational wealth building through homeownership



Where medical debt is today

- Medical Bills are largest source of debt reported to collection agencies
- in 2021, medical debt made up 58% of consumer debt
- 15 million people have medical bills on their credit reports worth \$49B
- Two out of five people (42%) with unpaid medical bills say that their debt was reported to a credit rating agency
- 32% reported that medical debt from hospital care affected their credit rating.

Source:

<https://www.commonwealthfund.org/publications/explainer/2025/feb/federal-rule-on-medical-debt>



Where medical debt is today

In 2023:

- 3 Major Credit Bureaus stopped reporting medical debt in collections under \$500

In January 2025:

- Biden Administration with CFPB (Consumer Financial Protection Bureau) finalized a Rule to prohibit credit reporting agencies from including medical debt on credit reports, beginning March 2025

In March 2025:

Trump Administration place the Ruling on Hold and has gutted the CFPB



Credit Report Examples