

# S.27 Testimony: Office of the Health Care Advocate



**Presented by**

*Mike Fisher, Chief Health Care Advocate (HCA)*

*Emma Zavez, Consumer Research & Health Policy Analyst (HCA)*

**April 1, 2025**



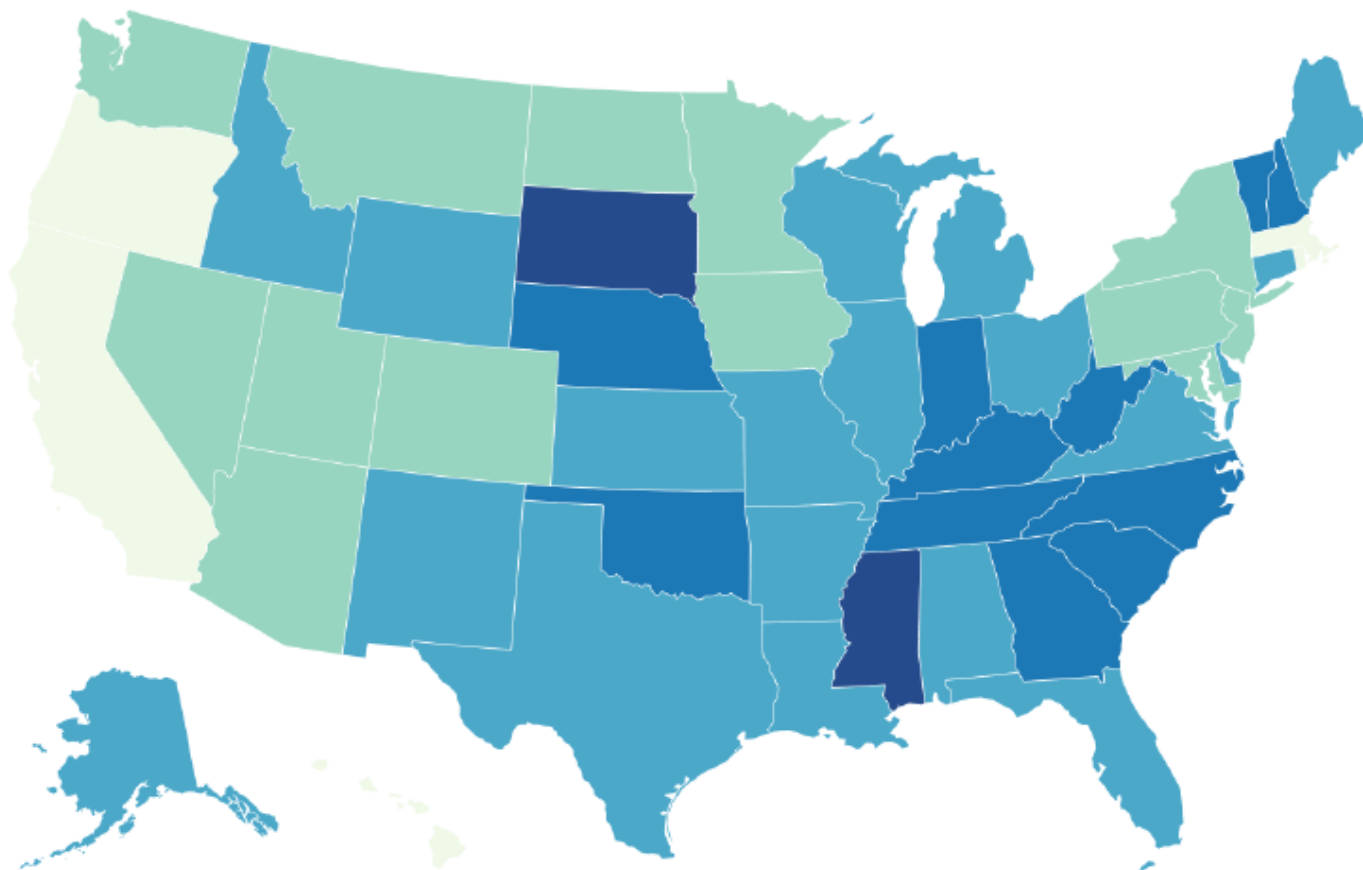
# Agenda



- Medical Debt in Vermont
- Recent Legislative Action: Act 119 of 2022
- HCA Recommendations for S.27
- Resources: Best Practices State-by-State Comparison

## Share of adults who have medical debt, by state, 2019-2021

■ < 5%   ■ 5%–8%   ■ 8%–11%   ■ 11%–14%   ■ ≥ 14%



Note: This chart aggregates SIPP data from 2019 through 2021.

Source: KFF analysis of the Survey of Income and Program Participation (SIPP)

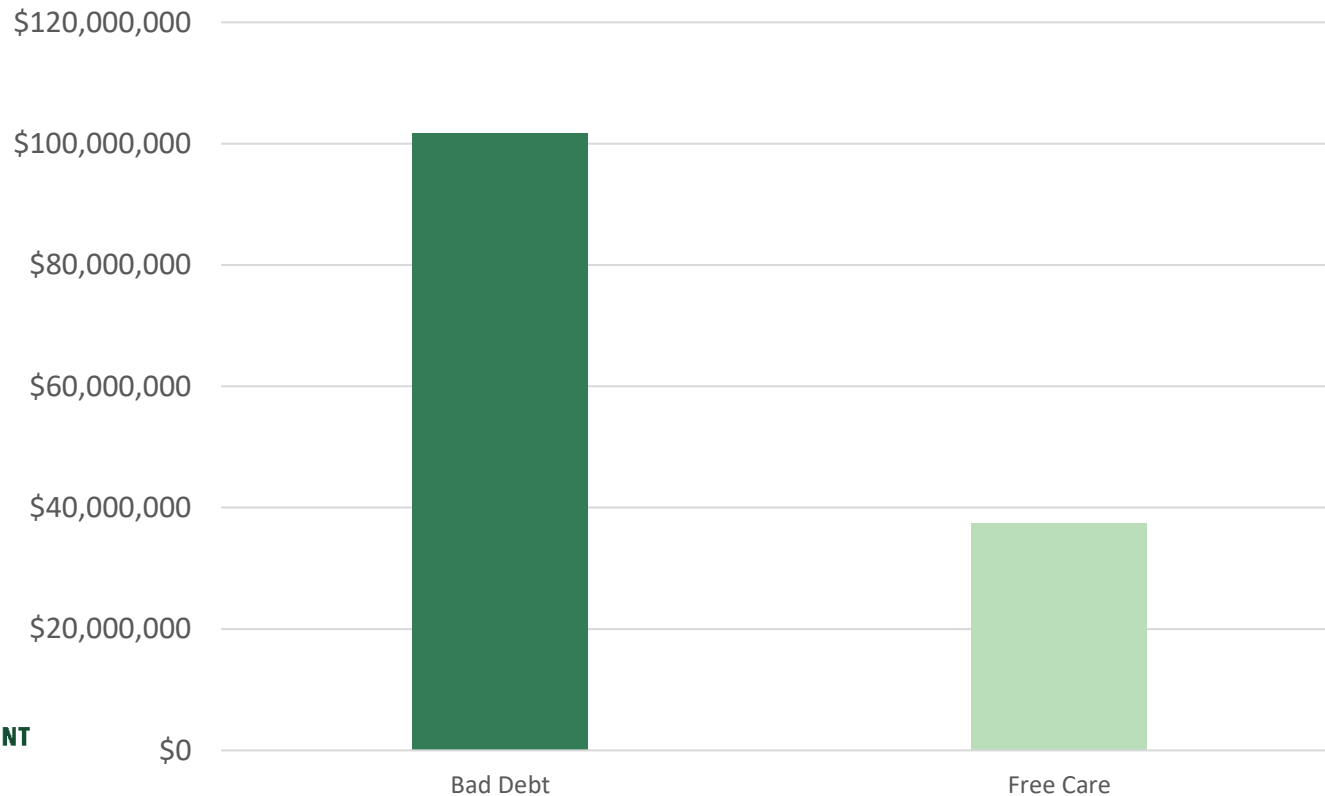
Peterson-KFF  
**Health System Tracker**



# Bad Debt and Free Care in Vermont



## 2022 Actual Bad Debt and Free Care



Source: GMCB-Reported Financials



# Recent Legislative Action: Act 119 of 2022



- H.287 (Act 119) - *An act relating to patient financial assistance policies and medical debt protection*
  - Signed by Governor Scott: May 19, 2022
  - Effective Date: July 1, 2024
- Prohibits sale of medical debt by large health care facilities. [18 V.S.A. §9485](#)
- Set minimum standards for financial assistance programs at Vermont hospitals:
  - Standardized definitions for: Household Income, Household Size, Liquid Resources, Vermont Resident
  - Minimum income eligibility limits and discounts:
    - **Free Care:** Income from **0% to 250% FPL = 100% discount**
    - **Low-Cost Care:** Income from **251% to 400% FPL = minimum of 40% discount**
  - Minimum standards for the optional resource test.

# HCA Recommendations for S.27



- **Rec 1: Add noticing requirement to inform patients about hospital financial assistance programs (FAP) in Vermont.**
  - Patients who have their debts forgiven as a result of S.27 (household income <400% of the federal poverty level (FPL)) should qualify for financial assistance at Vermont hospitals.
  - The HCA recommends adding a noticing requirement to Section 1(b) of S.27 to require the non-profit entity to inform individuals of:
    - The medical debt forgiven;
    - Estimated household FPL;
    - Availability of FAP at all Vermont hospitals, including the following minimum discounts:
      - 100% discount for households with income 0 – 250% FPL
      - Minimum of 40% discount for households with income between 251 – 400% FPL
    - Contact information for the HCA to help individuals learn more about FAP, including the HCA's FAP / low-cost care webpage: <https://vtlawhelp.org/health-clinics-low-cost-health-care>

# HCA Recommendations for S.27



- **Rec 2: Encourage the non-profit entity to purchase medical debts arising from non-hospital providers in Vermont and out-of-state hospitals that serve Vermonters.**
  - Many health care entities in Vermont do not provide financial assistance to patients. These may include independent practitioners, private dental offices, ambulance companies, and others.
  - Many Vermonters receive health care services at border hospitals just outside of Vermont.
  - The purchase and abolition of medical debt should be conditioned on these entities' agreement **to welcome these patients back for future care.**



# HCA Recommendations for S.27



- **Rec 3: Clarify that a credit report may not be pulled by a “large health care facility”** for the purpose of determining the income or credit worthiness of a patient applying for patient financial assistance.

- Language of concern:

“§ 2480b. DISCLOSURES TO CONSUMERS

(c)(2)(H) where the request for a credit report is by an organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code for the purpose of determining eligibility for the abolition of medical debt.”

“§ 2480g EXEMPTIONS

(e) The provisions of section 2480e of this title shall not apply to an organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code when determining eligibility for the abolition of medical debt.”

# HCA Recommendations for S.27



- **Rec 4: Maintain the definition of “medical debt” in statute at 18 V.S.A. 16 § 9481.**

# Additional Considerations



- **Consider prohibiting Vermont hospitals from engaging in extraordinary collection activities (ECAs).**

- Some hospitals in Vermont currently engage in extraordinary collection activities (ECAs) after they have made “reasonable efforts” to determine if the patient is eligible for their financial assistance program. ([26 CFR § 1.501\(r\)-6](#))

## **Examples of Extraordinary Collection Activities (ECAs)**

- Placing a lien on an individual’s property
- Foreclosing on an individual’s real property
- Attaching or seizing an individual’s bank account or any other personal property
- Commencing a civil action against an individual
  - Causing an individual’s arrest
- Causing an individual to be subject to a writ of body attachment
  - Garnishing an individual’s wages

# Additional Considerations

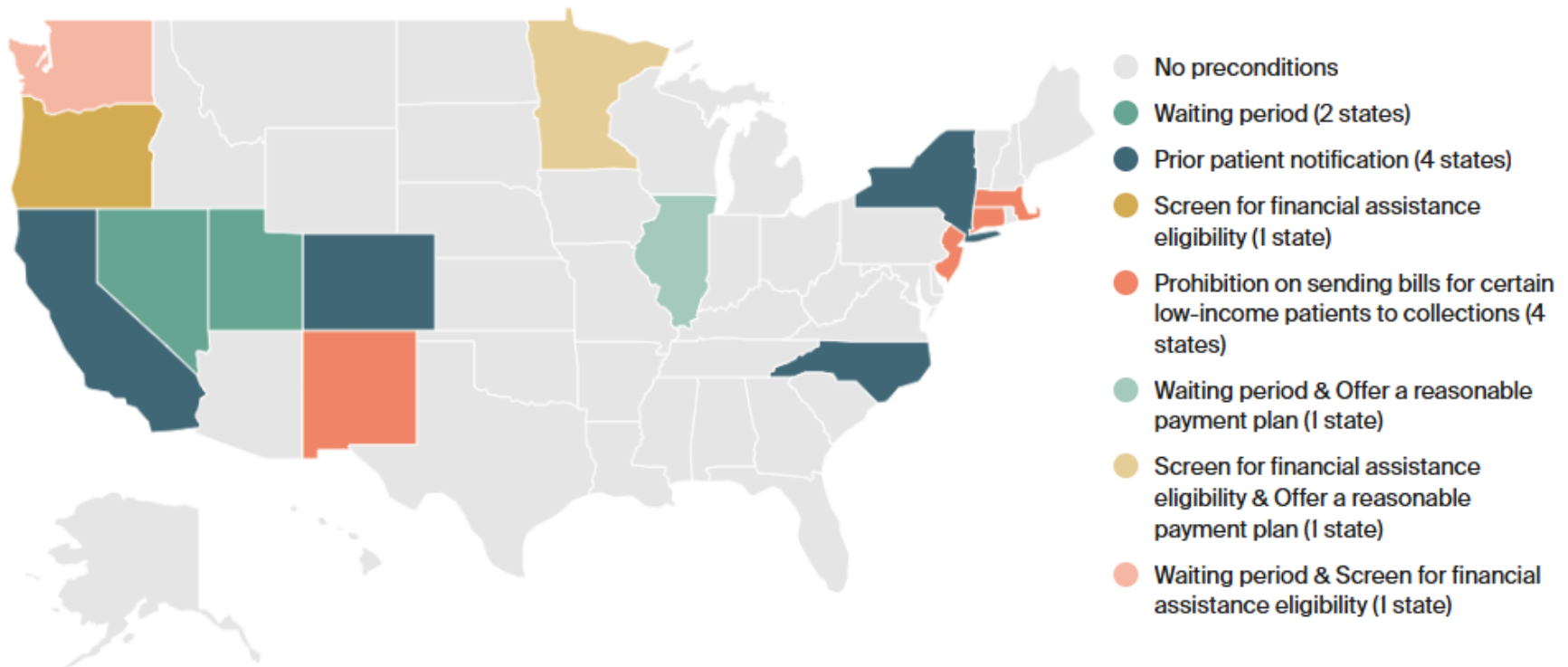


- **Consider implementing the best practice of screening patients for financial assistance prior to receiving their first bill.**
  - Oregon [HB.3320](#) of 2023
    - “...Shall screen a patient for presumptive eligibility for financial assistance if the patient:
      - (a) Is uninsured;
      - (b) Is enrolled in the state medical assistance program; or
      - (c) Owes the hospital more than \$500.”

# Protecting Patients from Medical Debt: Best Practices



## State Preconditions Before a Hospital Can Send a Bill to Collections

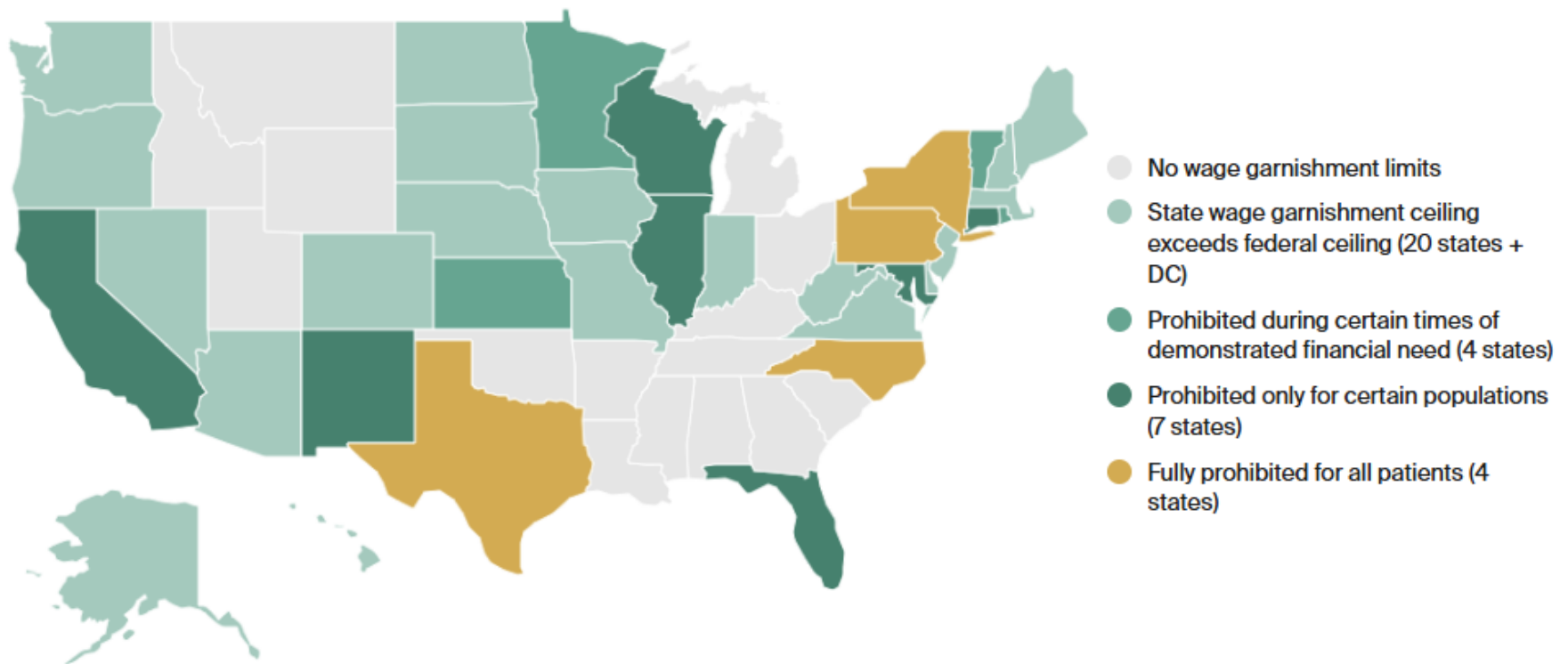


[“State Protections Against Medical Debt: A Look at Policies Across the U.S.”](#) Common Wealth Fund, Sept. 2023.

# Protecting Patients from Medical Debt: Best Practices



## State Limits on Wage Garnishment to Collect on Medical Debt

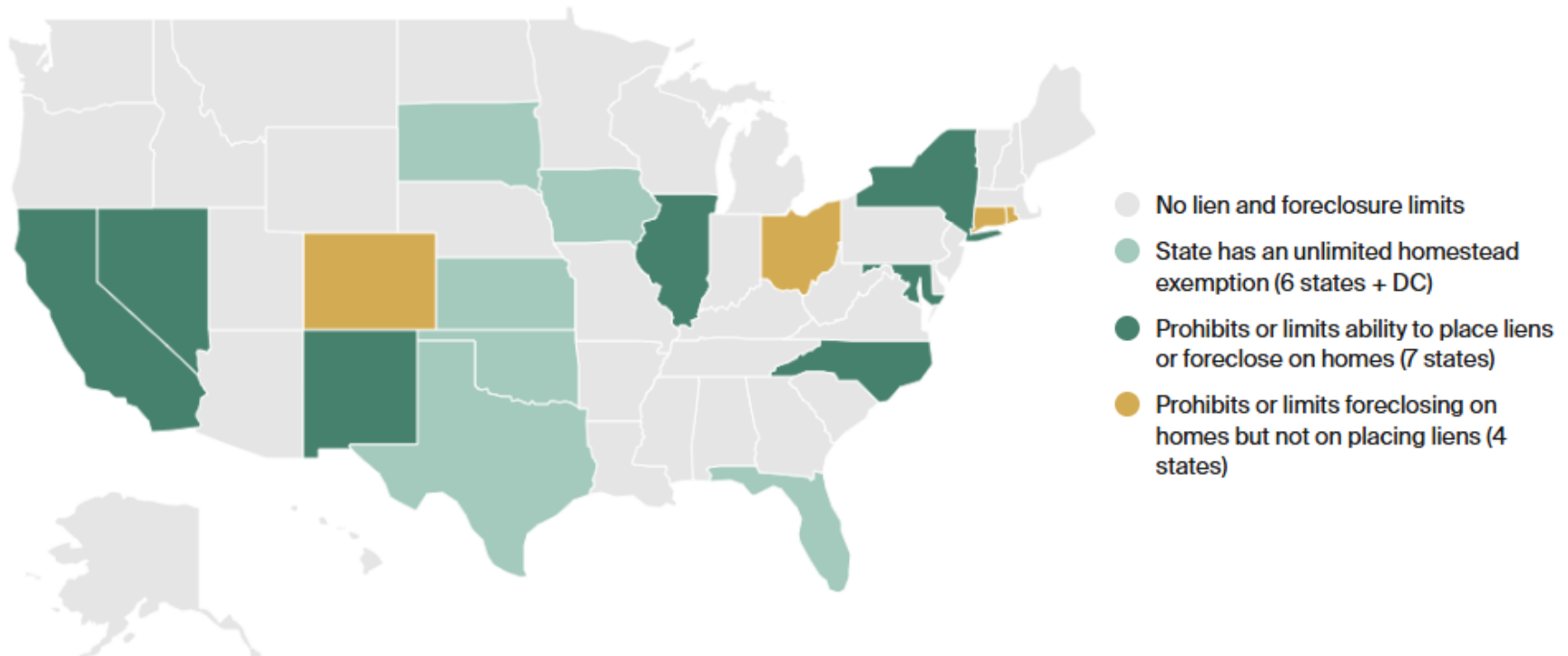


[“State Protections Against Medical Debt: A Look at Policies Across the U.S.”](#) Common Wealth Fund, Sept. 2023.

# Protecting Patients from Medical Debt: Best Practices



## State Limits on Liens and Foreclosures to Collect on Medical Debt



[“State Protections Against Medical Debt: A Look at Policies Across the U.S.”](#) Common Wealth Fund, Sept. 2023.