



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

March 13, 2025

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S.27– An act relating to medical debt relief and excluding medical debt from credit reports

As recommended by the Senate Committee on Health and Welfare, Draft 1.1¹²

Bill Summary

The bill would direct the State Treasurer to contract with an entity to acquire and abolish certain medical debts for Vermonters with incomes at or below 400% of the federal poverty level (FPL) or who owe medical debt equal to 5% or more of their household income. It would also prohibit credit reporting agencies from reporting or maintaining information on Vermonters' medical debt and would prohibit health care providers from reporting medical debt to credit reporting agencies.

Fiscal Impact

Section 1 would appropriate \$1 million from the General Fund to the Treasurer's Office to contract with a nonprofit entity to acquire and repay certain medical debts incurred by Vermont residents.

Section 2 would further amend the appropriation in Act 83 of 2022 (as amended by Act 185 of 2022 and Act 78 of 2023, the fiscal year 2023 and 2024 appropriations acts, respectively) by reducing the appropriation to the State Treasurer's Office in Sec. E.1000 from \$20 million to \$19 million. This would free up \$1 million to cover the appropriation in Section 1.

Background and Details

The purpose of the initial \$20 million appropriation to the Treasurer's Office was to improve the debt position of the State by redeeming general obligation bonds prior to maturity. It is estimated that buying \$1 million in bond debt could save the State approximately \$50,000 in interest.

The \$1 million appropriation would be used to contract with a national nonprofit called Undue Medical Debt, whose purpose is to "strengthen communities by erasing financially burdensome medical debt."³ According to the Treasurer's Office, this could eliminate \$100 million in medical debt for Vermonters.

¹ *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.*

² *The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.*

³ Presentation from State Treasurer Mike Picciak to the Senate Committee on Health and Welfare, February 12, 2025.