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S.27

Introduced by Senators Lyons, Baruth, Beck, Bongartz, Brennan, Chittenden,
Clarkson, Collamore, Cummings, Gulick, Hardy, Harrison,
Hart, Hashim, Major, Norris, Plunkett, Ram Hinsdale,
Vyhovsky, Watson, Westman and White

Referred to Committee on

Date:

Subject: Health; consumer protection; credit reporting; medical debt

Statement of purpose of bill as introduced: This bill proposes to direct the
State Treasurer to contract with an entity to acquire and abolish certain medical
debts for Vermonters with incomes at or below 400 percent of the federal
poverty level or who owe medical debt equal to five percent or more of their
household income. The bill 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.

An act relating to medical debt relief and excluding medical debt from
credit reports

1 It is hereby enacted by the General Assembly of the State of Vermont:

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

3 APPROPRIATION

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

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

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

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

13 (3) coordinate with the health care provider or collections agency to
14 ensure that any adverse information resulting from the medical debt is removed
15 from the debtor's consumer credit report following the contractor's purchase
16 and abolition of the debt.

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) ~~\$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 credit reporting agency shall not report or maintain in the file on a
16 consumer information relating to a medical debt, as defined in 18 V.S.A.
17 § 9481.

18 Sec. 4. 9 V.S.A. § 2480b is amended to read:

19 § 2480b. DISCLOSURES TO CONSUMERS

20 * * *

1 (c) Any time a credit reporting agency is required to make a written
2 disclosure to consumers pursuant to 15 U.S.C. § 1681g, it shall disclose, in at
3 least 12-point type, and in bold type as indicated, the following notice:

4 “NOTICE TO VERMONT CONSUMERS

5 * * *

6 (2) Under Vermont law, no one may access your credit report without
7 your permission except under the following limited circumstances:

8 * * *

9 (F) where the request for a credit report is related to a credit
10 transaction entered into prior to January 1, 1993; ~~or~~

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

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

17 * * *

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

19 § 2480g. EXEMPTIONS

20 * * *

