

February 25, 2025

Rhode Island State House
House Corporations Committee

Re: Testimony in **Support** of H-5235, Medical Debt

Dear Chair Solomon and members of the House Corporations Committee:

RIPIN thanks the House Corporations Committee for the opportunity to submit this testimony in support of H-5235, which would establish a cap on the interest rate applied to medical debt to lessen the negative impact of medical debt on consumers' ability to obtain the health care and other essentials for daily life that they need to thrive.

As noted in a 2022 report from the Consumer Financial Protection Bureau, approximately 1 out of every 5 Americans reports having unpaid medical debts, and medical debt represented more than half of consumer accounts in collections. While many of these accounts in collections are for comparatively low dollar amounts – the median account balance was only \$310 – the impact of these accounts in collections can be significant. More than half of personal bankruptcies from 2013-2016 were filed by individuals who reported that medical debt contributed to their bankruptcy. And 46% of individuals with medical debt report avoiding care, resulting in negative downstream health effects.¹

But unlike many other types of consumer debt, medical debt is, almost without exception, traceable not to an affirmative financial decision made by consumers, but rather to an unexpected medical expense. Rhode Islanders with expensive medical diagnoses do not choose those diagnoses – but constantly increasing health insurance premiums, deductibles, and out-of-pocket costs means that medical debt is a growing reality for many low- and moderate-income Rhode Islanders.

And the impact of medical debt falls most harshly on economically and socially disadvantaged health care consumers. While 1 in 5 Americans report medical debt, that number doubles to 2 in 5 Americans with household incomes under \$50,000. Black, Hispanic, and American Indian households report lower median net wealth than White households – so debt burdens hit harder – and Black (28%) and Hispanic (22%) households report higher rates of medical debt than White (17%) households. And this burden also falls more harshly on the young (32.7% of people age 25-34 report medical debt), and the old; many consumers over 65 live on fixed incomes from Social Security Retirement, and monthly payments to cover medical debts means less money for food, housing, other medical care, or other necessities.

RIPIN strongly supports H-5235, which would lessen the impact of medical debt on these critical populations by establishing a statutory limit on medical debt interest rates pegged to the average Treasury yield at the time the debt was incurred, with an absolute cap of 4%.

Thank you for the opportunity to provide these comments. RIPIN is a statewide nonprofit founded in 1991 by a group of parents of children with special healthcare needs. While RIPIN's roots are in serving children and families with special needs, RIPIN now serves all Rhode Islanders who might benefit from education, advocacy, and peer-to-peer support in navigating healthcare and education systems. RIPIN also operates Rhode Island's health insurance consumer assistance

¹ https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf





program, RIREACH, which helped several thousand Rhode Islanders save more than \$8 million in health care costs since 2018.

Sincerely,

/s/

Shamus Durac
Senior Attorney/Health Policy Analyst
(401) 270-0101, ext. 125
SDurac@ripin.org

/s/

Sam Salganik
Executive Director
(401) 270-0101, ext. 101
Salganik@ripin.org