



Testimony of Matthew Netto, AARP Rhode Island
In support of House Bill 7103
House Judiciary Committee
March 5, 2024

Chairman Craven and members of the House Judiciary Committee:

My name is Matt Netto, and I am the Associate State Director of Advocacy for AARP Rhode Island. AARP is a nonpartisan, social mission organization with 38 million members nationwide and nearly 125,000 members here in Rhode Island. We advocate on behalf of issues that impact older adults, and we appreciate the opportunity to offer our support for prohibiting credit reporting and executions or attachments against a principal residence for judgments based on medical debt as House Bill 7103 from Representative Shallcross Smith is intended to do.

Medical debt does not affect your credit score unless it's reported to a credit bureau, and virtually no hospital or medical provider will report the debt directly, according to the National Consumer Law Center (NCLC). However, they might turn it over to a collection agency, which might report it. In a 2018 Consumer Reports survey of adults who had recently faced a large health care expense, nearly 30 percent said the bill had ended up with a collection agency.

Like credit cards and personal loans, medical debt is considered "civil debt." Nonpayment is not a crime, but a creditor or collection agency can sue you in civil court and seek liens on your property or garnishment of your wages. The risk of these consequences often cause people to seek ways to pay of this debt quickly.

However, turning to so-called solutions like Medical Credit Cards and medical installment loans could put you deeper in debt or, worse, threaten your overall financial security. If there was no risk to one's home or credit score, they may not turn to payment methods that may make their situation worse.

Interest payments on Medical Credit Cards and loans can increase medical bills by close to 25 percent for cash-strapped consumers who don't pay off their balances quickly, according to the Consumer Financial Protection Bureau (CFPB). In fact, the CFPB estimates that U.S. residents paid \$1 billion in deferred interest on medical credit cards and loans from 2018 to 2020.¹

AARP Rhode Island supports House bill 7103. However, if the intent is to provide a level of security for people experiencing medical debt, there should be no interest applied to that debt. Thus, we request that the bill be amended so that interest cannot be applied to medical debt.

¹ <https://www.aarp.org/money/credit-loans-debt/info-2023/beware-medical-credit-cards-and-loans.html>

Thank you for your time and we ask you to recommend passage on House Bill 7103.

Sincerely,

A handwritten signature in black ink that reads "Matt R Netto". The signature is written in a cursive style with a large, stylized "M" and "N".

Matthew Netto
Associate State Director-AARP Rhode Island
Mnetto@aarp.org / 401-834-0524