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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 79 Session of  
2025

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INTRODUCED BY VENKAT, DAVIDSON, KHAN, KOSIEROWSKI, KUZMA, RIGBY,  
TWARDZIK, GUENST, PROBST, ABNEY, D. MILLER, GIRAL, HANBIDGE,  
CIRESI, SANCHEZ, HOWARD, FIEDLER, HADDOCK, POWELL, BOROWSKI,  
HILL-EVANS, FREEMAN, KENYATTA, DONAHUE, FRANKEL, FLEMING,  
FRIEL, MALAGARI, SHUSTERMAN, PIELLI, PASHINSKI, CEPEDA-  
FREYTIZ, BOYD, SIEGEL, O'MARA AND OTTEN, JANUARY 10, 2025

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REFERRED TO COMMITTEE ON HEALTH, JANUARY 10, 2025

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AN ACT

1 Establishing the Medical Debt Relief Program; establishing  
2 requirements for hospital-based financial assistance; and  
3 imposing duties on the Department of Health.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Medical Debt  
8 Relief Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall  
11 have the meanings given to them in this section unless the  
12 context clearly indicates otherwise:

13 "Bad debt expense." The cost of care for which a health care  
14 provider expected payment from the patient or a third-party  
15 payor, but which the health care provider or commercial debt  
16 collection agency subsequently determines to be uncollectible.

1 "Department." The Department of Health of the Commonwealth.

2 "Eligible patient." An individual who meets all of the  
3 following requirements:

4 (1) Is a resident of this Commonwealth.

5 (2) Can demonstrate an inability to pay the cost of  
6 medical care even after the application of payments for  
7 third-party health coverage.

8 (3) Provides financial information and documentation  
9 showing that their income and assets make them eligible for  
10 hospital-based financial assistance under the policies of the  
11 hospital and of this act.

12 "Eligible resident." An individual eligible for relief who  
13 meets all of the following conditions:

14 (1) Is a resident of this Commonwealth.

15 (2) Has a household income at or below 400% of the  
16 Federal poverty guidelines or has medical debt equal to 5% or  
17 more of the individual's household income.

18 "Health care provider." Either of the following:

19 (1) A health care provider, as defined in section 1201  
20 of the act of May 17, 1921 (P.L.682, No.284), known as The  
21 Insurance Company Law of 1921.

22 (2) An emergency medical services agency, as defined in  
23 35 Pa.C.S. § 8103 (relating to definitions).

24 "Hospital-based financial assistance." Financial assistance  
25 provided by hospitals to patients that includes charity care or  
26 discounted care where the cost of care ordinarily charged by a  
27 hospital is provided free of charge or at a reduced rate or a  
28 hospital relieves an eligible patient's medical bill in part or  
29 in full based on eligibility criteria.

30 "Medical debt." An obligation to pay money arising from the

1 receipt of health care services.

2 "Medical debt relief." The discharge of a patient's medical  
3 debt.

4 "Medical debt relief coordinator." A person, company,  
5 partnership or other entity that is able to discharge medical  
6 debt of an eligible resident in a manner that does not result in  
7 a taxable event for the eligible resident.

8 "Primary language." A language that is the preferred  
9 language for communication during at least 5% of the annual  
10 patient visits by patients who do not have the proficiency in  
11 English necessary to speak, read and write about health care-  
12 related matters.

13 "Program." The Medical Debt Relief Program established under  
14 section 3.

15 "Public health coverage option." A program administered by  
16 the Department of Human Services, including Medical Assistance  
17 and the Children's Health Insurance Program, and by the  
18 Pennsylvania Health Insurance Exchange Authority.

19 Section 3. Medical Debt Relief Program.

20 (a) Establishment and purpose.--The Medical Debt Relief  
21 Program is established within the department for the purpose of  
22 discharging medical debt of eligible residents by contracting  
23 with a medical debt relief coordinator as described in  
24 subsection (c).

25 (b) Use of money.--Money appropriated to the department for  
26 the program shall be used exclusively for the program, including  
27 contracting with a medical debt relief coordinator and providing  
28 money to be used by the medical debt relief coordinator to  
29 discharge medical debt of eligible residents. Money used in  
30 contracting with a medical debt relief coordinator may also be

1 used for the payment of services provided by the medical debt  
2 relief coordinator to discharge medical debt of eligible  
3 residents based on a budget approved by the department.

4 (c) Contracts.--

5 (1) The department is authorized to and shall enter into  
6 a contract with a medical debt relief coordinator to purchase  
7 and discharge medical debt owed by an eligible resident with  
8 money allocated for the program.

9 (2) The department shall implement a competitive bidding  
10 process to determine which medical debt relief coordinator to  
11 use, unless the department determines that only a single  
12 medical debt relief coordinator has the capacity and  
13 willingness to carry out the duties specified in this act.

14 (3) In contracting with the department, a medical debt  
15 relief coordinator shall adhere to the following:

16 (i) The medical debt relief coordinator shall review  
17 the medical debt accounts of each commercial debt  
18 collection agency or health care provider willing to sell  
19 medical debt accounts in this Commonwealth.

20 (ii) The medical debt relief coordinator may elect  
21 to buy the dischargeable medical debt from the commercial  
22 debt collection agency or health care provider that  
23 identifies the accounts described in subparagraph (i) as  
24 a bad debt expense.

25 (iii) After the purchase and discharge of medical  
26 debt from a commercial debt collection agency or health  
27 care provider, the medical debt relief coordinator shall  
28 notify all eligible residents whose medical debt has been  
29 discharged under the program, in a manner approved by the  
30 department, that they no longer have specified medical

1 debt owed to the relevant health care provider or  
2 commercial debt collection agency.

3 (iv) A medical debt relief coordinator shall make a  
4 best effort to ensure parity and equity in the purchasing  
5 and discharging of medical debt to ensure that all  
6 eligible residents have an equal opportunity of receiving  
7 medical debt relief regardless of their geographical  
8 location or identities and characteristics as identified  
9 in section 2 of the act of October 27, 1955 (P.L.744,  
10 No.222), known as the Pennsylvania Human Relations Act.

11 (v) A medical debt relief coordinator shall report  
12 to the department the summary statistics regarding  
13 eligible residents whose medical debt has been  
14 discharged.

15 (vi) A medical debt relief coordinator may not  
16 attempt to seek payment from an eligible resident for  
17 medical debt purchased by the medical debt relief  
18 coordinator.

19 (4) A medical debt relief coordinator shall continue to  
20 fulfill its contractual obligations to the department until  
21 all money contracted to the medical debt relief coordinator  
22 is exhausted, regardless of whether money allocated to the  
23 program has been exhausted.

24 (d) Breach of contract.--If a medical debt relief  
25 coordinator attempts to seek payment from an eligible resident  
26 for medical debt purchased by the medical debt relief  
27 coordinator or fails to carry out the responsibilities described  
28 in its contract with the department, the medical debt relief  
29 coordinator shall be considered in breach of contract and the  
30 contract provisions that apply in the case of a breach of

1 contract shall apply.

2 Section 4. Reporting on program.

3 (a) Requirement.--Beginning one year after the effective  
4 date of this section and annually thereafter for as long as  
5 medical debt relief coordinators are fulfilling their  
6 contractual obligations under this act, the department shall  
7 submit an annual report regarding the program in accordance with  
8 this section.

9 (b) Contents.--Each report under this section shall contain  
10 the following information for the annual period covered by the  
11 report:

12 (1) The amount of medical debt purchased and discharged  
13 under the program.

14 (2) The number of eligible residents who received  
15 medical debt relief under the program.

16 (3) The characteristics of the eligible residents as  
17 described in section 3(c)(3)(iv).

18 (4) The number and characteristics of health care  
19 providers from whom medical debt was purchased and  
20 discharged.

21 (5) The number of eligible residents whose income was  
22 calculated at 100%, 150% or 200% of the Federal poverty  
23 level.

24 (6) The number of and characteristics of medical debt  
25 relief coordinators contracted with for the purposes of  
26 purchasing and discharging medical debt.

27 (c) Submittal.--Each report under this section shall be  
28 submitted to the following:

29 (1) The Governor.

30 (2) The President pro tempore of the Senate.

1 (3) The Speaker of the House of Representatives.

2 (4) The Majority Leader and Minority Leader of the  
3 Senate.

4 (5) The Majority Leader and Minority Leader of the House  
5 of Representatives.

6 (6) The chairperson and minority chairperson of the  
7 Health and Human Services Committee of the Senate.

8 (7) The chairperson and minority chairperson of the  
9 Health Committee of the House of Representatives.

10 Section 5. Hospital-based financial assistance forms and  
11 policies.

12 (a) Forms.--The department shall develop the following forms  
13 and make them available to hospitals and the general public:

14 (1) A uniform application for financial assistance that  
15 shall be used in every hospital in this Commonwealth to  
16 determine if an individual is an eligible patient.

17 (2) A uniform one-page template all hospitals shall use  
18 to summarize eligibility information for financial  
19 assistance. At a minimum, the summary shall include:

20 (i) Income eligibility guidelines for hospital-based  
21 financial assistance expressed as both a percent of the  
22 Federal Poverty Income Guidelines and a dollar amount  
23 based on common household sizes.

24 (ii) Information about the limits on amounts and  
25 type of assets.

26 (iii) Information on income eligibility guidelines  
27 for a public health coverage option expressed as both a  
28 percent of the Federal Poverty Income Guidelines and a  
29 dollar amount based on common household sizes and how to  
30 apply for those coverage options.

1           (iv) Contact information for how to apply for  
2           hospital-based financial assistance and how to get help  
3           applying for hospital-based financial assistance.

4           (3) A brief uniform statement of the availability of  
5           hospital-based financial assistance and of the application  
6           for hospital-based financial assistance to be stated  
7           prominently on hospital materials.

8           (b) Development of form.--The department shall include input  
9           from hospitals and the general public in developing the forms  
10          described in subsection (a) (1).

11          (c) Accessibility of forms.--Each form outlined in  
12          subsection (a) shall be:

13           (1) Written in plain language at a sixth grade reading  
14           level.

15           (2) Translated by the department into all primary  
16           languages identified by a hospital.

17           (3) Made accessible by the hospital to individuals with  
18           visual impairments upon request.

19           (4) Posted by hospitals online in a publicly accessible  
20           format. A full copy of the hospital's financial assistance  
21           policies shall also be published along with the summary in  
22           subsection (a) (2).

23          (d) Disclosure to patients.--

24           (1) A hospital shall provide the form discussed in  
25           subsection (a) (2) to all patients upon intake and discharge.  
26           Additionally, a hospital shall place the uniform statement  
27           provided for in subsection (a) (3) on all bills, billing  
28           statements, good faith estimates, admittance forms and  
29           discharge paperwork.

30           (2) A hospital shall provide a full copy of its



1 financial assistance policies upon request.

2 (3) A hospital shall provide assistance understanding  
3 and completing a financial assistance application upon  
4 request.

5 (e) Alignment with public health coverage options.--

6 (1) Hospitals shall use the income counting rules and  
7 household composition rules consistent with 42 CFR 435.603  
8 (relating to application of modified adjusted gross income  
9 (MAGI)) and shall adjust their policies according to rules  
10 within 180 days after the effective date of this paragraph.

11 (2) The Department of Human Services shall explore a  
12 process for connecting the uniform application for financial  
13 assistance with the department's electronic eligibility  
14 system in order to evaluate an applicant's eligibility for a  
15 public health coverage option.

16 (3) A patient seeking financial assistance may provide  
17 the following financial information and documentation in  
18 support of their application:

19 (i) paychecks or pay stubs;

20 (ii) unemployment documentation;

21 (iii) Social Security income;

22 (iv) rent receipts;

23 (v) a letter from the patient's employer attesting  
24 to the patient's gross income;

25 (vi) copies of recent tax returns; or

26 (vii) if none of the aforementioned information and  
27 documentation are available, a written self-attestation  
28 of the patient's income.

29 (4) Hospitals may provide hospital-based financial  
30 assistance to any patient who is already enrolled in the

1 Supplemental Nutrition Assistance Program (SNAP), Special  
2 Supplemental Nutrition Program for Women, Infants and  
3 Children (WIC) or Low-Income Home Energy Assistance Program  
4 (LIHEAP), based on presumptive eligibility through use of  
5 electronic verification data.

6 (5) Upon submission of a completed application form, the  
7 patient is not liable for any bills until the hospital has  
8 rendered a decision on the application.

9 Section 6. Tax applicability.

10 The amount of interest and principal balance of medical debt  
11 discharged under the program shall not be included in the  
12 classes of income identified in section 303 of the act of March  
13 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

14 Section 7. Effective date.

15 This act shall take effect immediately.