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H.112

Introduced by Representatives Black of Essex, Arsenault of Williston,
Berbeco of Winooski, Birong of Vergennes, Bishop of
Colchester, Bluemle of Burlington, Bos-Lun of Westminster,
Brown of Richmond, Burkhardt of South Burlington, Burrows
of West Windsor, Campbell of St. Johnsbury, Carris-Duncan of
Whitingham, Casey of Montpelier, Cina of Burlington, Coffin
of Cavendish, Cole of Hartford, Critchlow of Colchester, Demar
of Enosburgh, Eastes of Guilford, Garofano of Essex, Goldman
of Rockingham, Graning of Jericho, Greer of Bennington,
Holcombe of Norwich, Hooper of Randolph, Hooper of
Burlington, Howard of Rutland City, Hunter of Manchester,
Kleppner of Burlington, Krasnow of South Burlington, LaMont
of Morristown, Logan of Burlington, Long of Newfane,
McFaun of Barre Town, McGill of Bridport, Mrowicki of
Putney, Noyes of Wolcott, Nugent of South Burlington, O'Brien
of Tunbridge, Ode of Burlington, Page of Newport City, Pouech
of Hinesburg, Powers of Waterford, Rachelson of Burlington,
Satcowitz of Randolph, Stevens of Waterbury, Stone of
Burlington, Tomlinson of Winooski, Torre of Moretown,

1 Waszazak of Barre City, Waters Evans of Charlotte, Wood of
2 Waterbury, and Yacovone of Morristown

3 Referred to Committee on

4 Date:

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

6 Statement of purpose of bill as introduced: This bill proposes to direct the
7 State Treasurer to contract with an entity to acquire and abolish certain medical
8 debts for Vermonters with incomes at or below 400 percent of the federal
9 poverty level or who owe medical debt equal to five percent or more of their
10 household income. The bill would also prohibit credit reporting agencies from
11 reporting or maintaining information on Vermonters' medical debt and would
12 prohibit health care providers from reporting medical debt to credit reporting
13 agencies.

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

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

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

18 APPROPRIATION

19 (a) The sum of \$1,000,000.00 is appropriated to the State Treasurer from
20 the General Fund in fiscal year 2026 for the purpose of contracting with a

1 nonprofit entity to acquire and repay certain medical debts incurred by
2 Vermont residents as set forth in this section.

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

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

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

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

12 (c) In order to be eligible for repayment of medical debt under this section,
13 the following conditions must be met:

14 (1) the debtor shall be a Vermont resident who either has a household
15 income that is at or below 400 percent of the federal poverty level for the
16 applicable household size or who owes medical debt in an amount that is five
17 percent or more of the debtor's household income; and

18 (2) the debtor's patient account still maintains an outstanding balance
19 even after the health care provider has completed its routine efforts to collect
20 the amounts due.

