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Objection to Ohio House Bill 257

Ohio House Bill 257, the Ohio Medical Debt Fairness Act, proposes capping interest rates on medical debt at 3% annually, prohibiting wage garnishment for unpaid medical bills, and preventing hospitals or third-party collectors from reporting medical debt to credit agencies. While the bill aims to protect Ohioans from the financial burdens of medical debt, it raises significant concerns about incentivizing non-payment among those with the ability to pay and undermining healthcare providers' ability to recover owed funds.

Incentivizing Non-Payment Among Those Able to Pay

By removing key consequences such as wage garnishment and credit reporting, HB 257 may inadvertently encourage individuals who have the financial means to pay their medical bills to delay or avoid payment altogether. The absence of these enforcement mechanisms reduces the urgency for financially capable individuals to settle their debts, as they face no immediate repercussions like wage deductions or credit score impacts. This could lead to a culture of non-compliance, where patients prioritize other discretionary expenses over medical bills, knowing that providers have limited recourse. Such behavior could strain healthcare systems, particularly for hospitals and clinics serving lower-income communities, where unpaid bills already pose a significant challenge.

Necessity of Remedies Like Wage Garnishment for Non-Compliant Payers

Healthcare providers rely on timely payments to sustain operations, invest in equipment, and maintain quality care. For patients who have the ability but lack the willingness to pay, remedies like wage garnishment are critical tools to ensure accountability. Wage garnishment, when applied judiciously, targets only those with sufficient income to meet their obligations, as Ohio law already limits garnishment to no more than 25% of disposable earnings (Ohio Revised Code § 2716). By banning this remedy, HB 257 removes a necessary deterrent for willful non-payment, potentially increasing uncompensated care costs. These costs, estimated to be billions annually for U.S. hospitals, are often passed on to other patients through higher service fees, exacerbating healthcare affordability issues for all Ohioans.

Balancing Consumer Protection with Provider Viability

While protecting vulnerable patients from excessive debt burdens is a laudable goal, HB 257's blanket prohibitions fail to distinguish between those unable to pay and those unwilling to pay. A more balanced approach could involve means-testing or income-based exemptions to ensure protections target those in genuine financial hardship, while preserving providers' ability to pursue remedies against those who can afford to pay but choose not to. Without such distinctions, the bill risks undermining the financial stability of healthcare providers, which could lead to reduced access to care, particularly in underserved areas.

In conclusion, HB 257's restrictions on wage garnishment and credit reporting may disincentivize timely payment from those with the means to pay, while stripping healthcare providers of essential tools to recover owed funds. To maintain a fair and sustainable healthcare system, Ohio should consider revisions that protect vulnerable patients without penalizing providers or encouraging non-payment.