



BEFORE THE HOUSE HEALTH COMMITTEE
House Bill 257
Ohio Bankers League Interested Party Testimony
Wednesday, September 17, 2025

Chair Schmidt, Vice Chair Deeter, Ranking Member Somani, and members of the House Health Committee, thank you for the opportunity to provide interested party testimony on House Bill 257, the *Ohio Medical Debt Fairness Act*. My name is Don Boyd, and I serve as Vice President of State Government Relations and General Counsel for the Ohio Bankers League (OBL).

About the Ohio Bankers League

The Ohio Bankers League is the state's leading trade association for the Ohio banking industry and the only organization dedicated to representing all FDIC-insured banks and thrifts in Ohio. Our membership includes more than 170 financial institutions of all sizes, employing more than 60,000 Ohioans, and serving customers in every corner of the state.

OBL's Position on HB 257

We appreciate Representatives Schmidt and Grim for their leadership in introducing House Bill 257 to address the real and pressing challenges Ohioans face with medical debt. Ensuring fair treatment of consumers and improving financial health is a goal our members share. However, as introduced, HB 257 raises several concerns for the banking industry mainly due to the **breadth of the definition of "medical debt"** and the potential for unintended consequences on Ohio's credit and lending markets.

Our testimony today is offered in the spirit of constructive engagement. OBL is committed to working with the sponsors to refine this bill, and we understand that many of our concerns will likely be addressed through an amendment that narrows the scope of the definition of medical debt at a future hearing.

Industry Concerns

Definition of Medical Debt

HB 257 currently defines "medical debt" expansively to include any obligation of a consumer for health care services, products, or devices. This creates uncertainty in cases where general credit products (such as credit cards or personal loans) may be used for mixed purposes, some of which are medical. Without clarification, banks face compliance risks and consumers could experience inconsistent application of the law.

Credit Reporting and Ability-to-Repay Considerations

Another area of potential impact relates to the bill's prohibition on reporting medical debt to consumer credit agencies. From a policy perspective, this raises important questions about how lenders will evaluate a borrower's overall financial obligations.

For certain products, particularly mortgage loans, banks are required under federal law to conduct an *ability-to-repay* analysis. This process relies in part on credit reports to identify total debt obligations. If medical debts are removed entirely, lenders may not have a complete picture of a consumer's liabilities, which could affect how debt-to-income ratios and repayment capacity are assessed.

To be clear, OBL understands and respects the intent to prevent medical debt from negatively impacting consumers' credit scores and this may be a policy decision that the legislature will need to grapple with. However, we are continuing to explore whether there may be approaches that allow lenders to see the **existence and amount** of medical debt on a credit report—solely for underwriting purposes—while still ensuring that the **presence of medical debt does not lower a consumer's score**. This would preserve transparency in lending decisions while protecting consumers from unfair scoring penalties. We are still working to see if such language is possible within the credit reporting process and will continue to work with the sponsors if it is possible.

Potential Amendments

Maine's Definition of Medical Debt as a Model

We understand that the sponsors are considering an amendment that would narrow the definition of medical debt to align more closely with the Maine approach. Under Maine law:

“Medical debt” means debt arising from health care services, including dental services, or health care goods, including products, devices, durable medical equipment and prescription drugs. “Medical debt” does not include debt arising from services provided by a veterinarian; debt charged to a credit card unless the credit card is issued under an open-end or closed-end credit plan offered solely for the payment of health care services; debt charged to a home equity or general purpose line of credit; or secured debt.

How This Addresses OBL's Concerns:

- **Clarity & Compliance:** This definition specifically excludes general consumer credit (e.g., credit cards, home equity lines, or secured debt), eliminating ambiguity around mixed-use lending products and ensuring that regulated financial institutions are not inadvertently captured.
- **Targeted Protection:** By focusing only on debts directly tied to health care services and goods, the definition narrows the scope of HB 257 to the obligations most likely to burden patients.
- **Preserves Consumer Options:** Patients may still access flexible payment arrangements or financing through banks without those products being swept under the statute, maintaining the availability of affordable credit.
- **Predictability:** Lenders and providers can more confidently comply with the law knowing that the definition is precise and limited, reducing litigation risk and compliance uncertainty.

Conclusion

OBL commends Representatives Schmidt and Grim for their leadership on this important issue and their willingness to work with the industry to address concerns. It is important to strike the right balance between consumer protection and the functioning of Ohio's credit markets.

We believe that aligning HB 257's definition of "medical debt" with the Maine model would resolve many of our concerns while preserving the bill's intent. We understand that the sponsors are open to such an amendment, and we look forward to working collaboratively to ensure the legislation protects consumers without disrupting access to fair and affordable credit.

Thank you, Chair Schmidt, Vice Chair Deeter, Ranking Member Somani, and members of the Committee, for the opportunity to testify. I would be happy to answer any questions.