



September 15, 2025

Representative Jean Schmidt  
Chair, Ohio House Health Committee  
77 South High Street  
12<sup>th</sup> Floor  
Columbus, OH 43215

Dear Chair Schmidt,

Thank you for the opportunity to provide interested party testimony on House Bill 257, the Ohio Medical Debt Fairness Act, which proposes the prohibition of reporting medical debt to a consumer reporting agency and a 3% annual interest rate cap on medical debt. On behalf of Ohio's 205 credit unions and their 3.4 million members, the Ohio Credit Union League (OCUL) respectfully advocates for greater clarity as there are concerns relating to hidden debt obligations and the unintended consequences of the legislation, as originally drafted.

While credit unions rarely—if ever—consider medical debt in lending decisions, it is essential that they have access to a full and accurate picture of a member's credit history, financial background, and ability to repay. Without this comprehensive view, credit unions cannot establish a reliable risk profile or ensure compliance with their own risk tolerance policies. The ability-to-repay analysis is among the most critical components of any lending decision. It protects both the financial institution and the applicant by helping prevent poor lending outcomes that could lead to delinquency or default. Just as importantly, it safeguards members from being overextended and ensures credit unions do not unintentionally place borrowers in a predatory situation.

Secondly, we have significant concerns with the proposed 3% cap on medical debt. As currently drafted, the definition of "medical debt" lacks clarity, creating uncertainty for both consumers and financial institutions. In practice, credit unions and other lenders cannot reliably determine how unsecured loan products—such as credit cards—are used, making it nearly impossible to isolate and apply a separate interest rate specifically for medical-related expenses. This challenge is compounded by the fact that many providers sell both medical and non-medical goods. Financial institutions have no visibility into what a consumer is purchasing and should not be expected to differentiate. Imposing a cap without clearer parameters would therefore place an unworkable burden on lenders while failing to provide consumers with consistent protections.

For these reasons, OCUL recommends adopting language like that used in Maine, which explicitly defines what constitutes "medical debt" and clarifies how credit card usage should be treated under the cap. Clearer statutory guidance will provide certainty, protect consumers, and ensure that compliance is practical for financial institutions.

OCUL appreciates the bill sponsors' willingness to engage with interested parties to improve the legislation to serve its intended goal without causing unintended consequences. On behalf of Ohio's credit unions, thank you for considering improvements to House Bill 257. OCUL welcomes the opportunity to work collaboratively with the bill sponsors and this Committee to refine the legislation to support the intent of the bill while protecting financial institutions and consumers alike.

If you have any questions or would like additional information, please don't hesitate to contact me at (614) 923-9710 or [acanan@ohiocul.org](mailto:acanan@ohiocul.org).

Respectfully,

A handwritten signature in black ink, appearing to read "Andrew Canan". The signature is fluid and cursive, with a long, sweeping underline.

Andrew Canan  
Director, Political Affairs