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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 257
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 257's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Grim and Schmidt

Local Impact Statement Procedure Required: No

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Highlights

- The bill may result in a minimal to moderate fiscal impact to the state and local governments.

Detailed Analysis

The bill places new restrictions on the collection and reporting of medical debt incurred on or after the bill's effective date. It caps the interest rate on such debt at 3% annually, prohibits wage garnishment to satisfy medical debt, and bars health care providers and collection agencies from reporting unpaid medical debt to credit reporting agencies. The bill also allows consumers to sue for violations and requires courts to void the reported debt and prohibit further collection. Credit reporting agencies must remove any such information from credit files or face a penalty of \$10 per day for noncompliance.

Medical debts commonly show up on consumer credit reports after they are sent to collections, though medical debt collection tradelines (i.e., an account listed on a person's credit report; each credit card, loan, and other type of credit account is a separate tradeline) can also be furnished directly by medical providers.¹ An estimated 17.8% of individuals in the U.S. had medical debt in collections in June 2020, which reflected care provided prior to the COVID-19 pandemic.²

¹ Consumer Financial Protection Bureau, [Medical Debt Burden in the United States](#) (March 1, 2022), as accessed from consumerfinance.gov/data-research.

² Kluender, R., Mahoney, N., Wong, F., & Yin, W. (2021). [Medical Debt in the US, 2009-2020](#). Journal of the American Medical Association, vol. 326,3 (2021): 250-256, accessed from pmc.ncbi.nlm.nih.gov/.

The bill may result in a minimal to moderate fiscal effect on state and local governments, primarily through an increase in civil case filings, which could slightly increase court system workloads. The bill does not forgive medical debt, but public hospitals and other government-owned health care facilities may experience modest revenue losses due to limitations on debt collection methods and lower recovery rates. They may also incur minor administrative costs to ensure compliance with the bill's requirements. However, these impacts are expected to be limited and absorbable within existing resources.