

Wilmington, Delaware  
June 15, 2023

**#0328**

**WHEREAS**, Senate Bill No. 8 (SB No. 8), An Act to Amend Title 6 of the Delaware

**Sponsor:**

Code Relating to Medical Debt, would protect patients from “unfair debt collection practices

**Council  
Member  
Cabrera**

for medical debt” by providing reasonable standards for the handling of medical debt that prevent individuals from being overwhelmed by the burden of unforeseen medical costs; and

**Co-Sponsors:**

**WHEREAS**, although more than 90 percent of the United States population has some

**Council  
Members  
White  
Mills**

type of insurance, medical debt remains a significant concern. Medical debt affects one in five Americans or about 43 million people; and

**WHEREAS**, in 2019, about 71% of individuals had medical bills totaling more than \$10,000. In a 2022 report, the Peterson-Kaiser Family Foundation (KFF) Health System Tracker calculated that, nationally, patient medical debt exceeded \$195 billion. The Consumer Financial Protection Bureau (CFPB) estimates that at least \$88 billion of outstanding medical debts are in collections; and

**WHEREAS**, the demand for most health care services is inelastic and often unforeseen. Medical debt is the most common category of debt documented by consumer reporting companies. The frequency with which medical bills are transferred to third-party collection agencies, and subsequently listed on consumer credit reports, can have significant socioeconomic impacts on an individual or household. Medical debt collections can lower an individual’s credit score; impair one’s ability to meet other living expenses; increase the costs of owning a home, vehicle, or other assets; trigger lawsuits, wage garnishment, home liens, and bankruptcy proceedings; and lead people to avoid seeking needed medical care; and

**WHEREAS**, Delaware ranks 8<sup>th</sup> most expensive state for health care, with a \$12,294 per capita health cost. According to the CFPB, collectively, Delawareans had \$401 million of medical debt listed on credit reports in 2020. About 17.37% of individuals in our state were affected by medical debt with an average debt burden of \$2,426. In a Forbes Advisor survey of American adults, 28.1% of Delawareans reported forgoing needed mental health treatment due to costs; and

**WHEREAS**, research has identified a significant relationship between financial and physical well-being. Studies have found that individuals with serious debt have increased risks of depression, obesity, drug and alcohol abuse, mental disorder, and suicidal ideation; and

**WHEREAS**, medical debt will become more burdensome for some as the expanded access to health services and public assistance provided by the COVID-19 pandemic public health emergency orders issued by the federal and State government come to an end. Throughout the pandemic, low-income Delawareans were able to maintain continuous Medicaid coverage through the Families First Coronavirus Response Act. Beginning April 1, 2023, Medicaid participants must recertify their eligibility, which puts many at risk of losing health insurance coverage.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF WILMINGTON** that this Legislative body is in favor of Senate Bill No. 8 (SB No. 8), An Act to Amend Title 6 of the Delaware Code Relating to Medical Debt, to increase the protections from the long-lasting consequences of unwarranted medical debt collection practices.

**BE IT FURTHER RESOLVED** that this Legislative body urges the members of the Delaware General Assembly to support SB No. 8. The adoption of reasonable standards for the handling of medical debt in our State will improve access to health care for all Delawareans.

Passed by City Council,

ATTEST: \_\_\_\_\_  
City Clerk

**SYNOPSIS:** This Resolution encourages the members of the Delaware General Assembly to support Senate Bill No. 8 (SB No. 8), An Act to Amend Title 6 of the Delaware Code Relating to Medical Debt. SB No. 8 would protect patients from “unfair debt collection practices for medical debt” by providing reasonable standards for the handling of medical debt that prevent individuals from being overwhelmed by the burden of unforeseen medical costs.