

**Member Day Hearing
The Honorable Gabe Vasquez (NM02)**

Thank you, Chairman Guthrie and Ranking Member Pallone, for the opportunity to testify today. I would like to discuss the medical debt crisis and my Patient Debt Relief Act that will come before the Energy and Commerce Committee.

Nearly 23 million Americans have crushing medical debt, and more than 40 percent of adults report struggling with a medical or dental bill in recent years. That data isn't just figures on a stat sheet – it represents the pain for millions of Americans.

The burden of medical debt falls especially hard on people with chronic illnesses, blue-collar workers, rural communities, and families already struggling to make ends meet.

We know this all too well in my home state of New Mexico. Medical debt is crushing New Mexicans, with at least 18 percent of our population facing medical debt bills averaging more than \$2000.

Behind each of these numbers is a human story. Mounting medical bills don't just strain a household budget – they reshape entire lives. Patients delay treatment because they fear another bill they can't pay. People's credit scores are destroyed, making it so they can't get a car loan or save to buy their first home. Families are forced to declare bankruptcy all because they got sick.

When financial stress and worsening health are your daily life, people get trapped in a cycle that deepens inequity and erodes the stability of entire communities. This is when people often turn to unhealthy ways to cope with their daily stress.

And too often, these hardships persist even when people do everything right. Even with insurance, the coverage is often too little. A single hospital visit, an unexpected diagnosis, or ongoing treatment for a chronic condition can leave insured patients with the same debt as those without any coverage. Deductibles, surprise bills, and opaque pricing push families into crisis through no fault of their own.

This is why our current patchwork of protections falls short. States like New Mexico have taken important steps, but those protections can't reach everyone, and enforcement is uneven.

Hospitals and debt collectors continue to pursue patients who should be eligible for financial assistance. Families continue to fall through the loopholes that leave them vulnerable to aggressive and often predatory billing practices.

Despite the state's best efforts to protect patients – including legislation to curb aggressive collection practices – New Mexican patients continue to be targeted by lawsuits, wage garnishment, and long-lasting financial harm simply because they sought care when they needed it.

We need action. That is why I put forward the Patient Debt Relief Act. This bill will create a federal grant program for nonprofits to purchase and forgive outstanding medical debt – lifting a weight that keeps millions of families from getting back on their feet.

The Patient Debt Relief Act tackles the medical debt crisis at its roots by pairing strict patient protections with a new federal debt relief program. Because old medical debt is sold for pennies on the dollar,

every \$1 in grant funding can erase up to \$100 of debt. A \$100 million investment could wipe out billions in burdensome medical bills for families already struggling to get by.

With these funds, a nonprofit partner could identify individuals whose medical debt exceeds 5 percent of their income or whose earnings fall below \$62,600, and then eliminate that debt entirely. This translates into real relief for real people.

At the same time, the bill demands basic fairness from any hospital that accepts Medicare. It requires hospitals to inform patients of financial assistance options up front and bans the most punitive collection practices: no foreclosing on a family home, no wage garnishment, no surprise sales of debt to collectors unless a reasonable repayment plan – capped at 4 percent of a patient’s income – has been offered first.

And for families under 250 percent of the poverty line, hospitals would be prevented from charging interest or selling that debt to collectors. These reforms ensure that getting care doesn’t ruin a family’s financial future and make clear that in America, your health should never cost you your home, your paycheck, or your dignity.

No one should face financial ruin simply because they got sick. Health care should be a pathway to healing – not a doorway to debt.

Thank you again for the opportunity to speak on this issue. I look forward to working with my colleagues to advance solutions that bring relief, restore fairness, and ensure that every American can access care without fear of lifelong debt. We can, and we must do better for working Americans.

I yield back.