

Medical Debt Protection Act

HB26-XXXX

Sponsors:

Rep. Mabrey, Rep. Joseph, Sen. Weissman, Sen. Jodeh

Because Getting Sick Shouldn't Cost Everything

No one should lose their home, paycheck, or bank account just because they got sick.

This bill protects Coloradans from predatory medical debt collection practices – ensuring that every patient has the right to fair, affordable, and transparent medical billing.

Why It Matters

- More than 1 in 3 adults have delayed healthcare out of fear of financial ruin due to unknown prices, and medical debt is responsible for nearly 60% of bankruptcies
- In Colorado, medical debt has led to wage garnishments, home liens, and devastating financial hardship, often for modest bills that are a result of emergencies or billing errors
- Between 2022 and 2024, Colorado courts approved approximately 14,000 wage garnishments each year for unpaid medical bills, many involving low-income patients or those whose care should have been covered by Medicaid

Tracey's Story

Tracey, an Aurora mom, had her wages garnished for vital medical testing. Instead of the hospital working out a payment plan, Tracey was surprised by a default judgement by the court. The collection companies suddenly began garnishing over \$700 each month for eleven months. The financial strain caused her immense stress and each month she struggled to pay for her heat, water, and electricity for her family's home.



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HB26-xxxx Bill Overview

The Medical Debt Protection Act is natural continuation of Colorado's commitment to fair billing and health care as a right, not a privilege

Key Protections Include:

30-DAY COLLECTION WARNING

Creditors must send a 30-day notice using two means of communication before transfer, assignment, or debt sale, including a plain language explanation of the debt, the final amount the patient is liable to pay, and an offer of a reasonable payment plan.

BANS ON EXTREME COLLECTIONS

Prohibits creditors from extreme actions, including: foreclosure on a primary home, wage garnishment, bank account seizure (unless the seizure leaves a minimum of \$30,000 in accounts, and a judge issues a specific order), and threats of or actions towards deportation or arrest.

RIGHT TO AFFORDABLE PAYMENTS

Healthcare providers and debt collectors must offer reasonable payment plans capped at 4% of monthly household income. Plans must be flexible and offer a 60-day grace period.

Fairness and Stability for Coloradans

This bill sets clear and fair standards for reasonable payment plans, tying payments to income and protecting basic financial stability – so Coloradans can focus on recovery, caring for their families, and contributing to their communities.

It ensures patients can see exactly what they owe and why, giving them the knowledge and time to make informed decisions. Understanding your bills is not a privilege—it's a basic right that helps safeguards both dignity and well-being.



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