



## ALASKA STATE LEGISLATURE

# Representative Genevieve Mina

Chair, House Health and Social Services Committee

Member, House Transportation Committee

Member, House Judiciary Committee

*Serving House District 19: Airport Heights, Mountain View, & Russian Jack*

### HB 178 Version A Sponsor Statement

No one is immune to the possibility of a costly medical bill from an unforeseen sickness, out-of-network care, or billing errors. Navigating the bureaucracy of the American health care industry can financially upend a household living paycheck-to-paycheck. Approximately 41% of American adults have some form of medical debt. In 2021, 14% of Alaskans had medical debt in collections, with a median amount of approximately \$1,500 (twice the national average).

A working Alaskan who lacks sufficient emergency savings and cannot pay a medical bill could have their debt sent to collections, lowering their credit score and creating insurmountable financial consequences. Low credit scores specifically entrench low-income individuals into a vicious cycle of poverty by creating barriers to economic mobility and making loans, housing, and employment more difficult to obtain.

Since medical debt is rarely chosen and difficult to avoid, it should not be used as a predictor of financial trustworthiness. Medical debt is an unreliable indicator of default and other types of payment behavior. Moreover, when medical debt is removed from credit reporting, credit scores increase by an average of 20 points. In January 2025, the federal Consumer Protection Finance Bureau (CFPB) issued a ruling to ban the inclusion of medical debt on credit reports, but implementation has been delayed to June, and its future is uncertain.

HB 178 would ban the reporting of medical debt on credit reports in state statute, emulating the CFPB rule. It would prohibit the furnishing of medical debt to credit reporting companies and prevent them from displaying any medical debt information in the first place. Furthermore, this bill bans landlords and employers from using medical debt as eligibility criteria for considering tenants and employers.

With wages failing to keep up with inflation and rising living costs, credit is essential for low-income households to pay their bills. HB 178 improves the self-sufficiency of Alaskans by ensuring that illness or disability do not impact access to credit and economic opportunity.

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