

Medical Bankruptcy Fairness Act of 2024
Helping Americans Bankrupted by Medical Debts

Medical debt remains a serious problem and a leading cause of personal bankruptcy in the United States. For people and families with limited assets, even a relatively small unexpected medical expense can be unaffordable. For people with significant medical needs, medical debt can pile up over time. An analysis of recent Census data suggests people in the United States owe at least \$220 billion in medical debt, with 20 million people (nearly 1 in 12 adults) affected.

Unlike other debts, medical debt is involuntary, unexpected, and can grow at a rapid rate. Sadly, the current bankruptcy system does not distinguish between those bankrupted through no fault of their own by medical issues and those who made unwise business or personal decisions. People with medical debt report cutting spending on food, spending down their savings to pay for medical bills, borrowing money from friends or family members, or taking on additional debts.

The Medical Bankruptcy Fairness Act would create a more accommodating bankruptcy process for Americans forced into bankruptcy because of medical debt or public health-related shutdowns. Specifically, the bill would:

- Waive procedural hurdles like credit counseling that make little sense for those pushed into bankruptcy through no fault of their own;
- Permit the discharge of student loans (which currently cannot be erased in bankruptcy for most debtors); and
- Provide families a greater chance of keeping their homes in states that have weak debtor protections by allowing the retention of at least \$250,000 of home equity.

The Medical Bankruptcy Fairness Act is endorsed by the National Association of Consumer Bankruptcy Attorneys and National Association of Consumer Advocates.