



I N D I A N A
COMMUNITY ACTION
POVERTY INSTITUTE
Research and Public Policy

Testimony before the House Financial Institutions Committee

January 13, 2026

Chairman Teshka and Members of the Committee, I appreciate the attention to medical debt and its impact on Hoosier consumers here today. We've been actively engaged on this issue since we first added a question about medical debt to our 2020 community needs assessment survey – of nearly 6000 respondents across the state, 47% reported having some type of medical debt and nearly a third told us they had medical debt in collections. In our current survey, which launched in January and is still being sent to Hoosiers across the state, currently 42% are reporting medical debt.

No-one asks for their child to need to go to the ER in the middle of the night, to be diagnosed with cancer, or to suffer a heart attack. In our interviews with Hoosiers about medical debt, damaged credit has stood in the way of climbing the ladder to better housing or a car purchase that can put new job options within reach. Sometimes, a damaged credit score has been the first time a person knew they even had a medical bill outstanding. This is not like other types of debt; people don't enter into it voluntarily, it is sometimes inaccurate or inflated, and consumers can be caught in the crossfire between health care providers and insurance companies. It is therefore less useful as a predictive tool, which is likely why the big three credit

bureaus recently *voluntarily* removed medical debts of \$500 or less, those that have been paid, and those that are less than one year old from credit reports.

This is a great step forward and one that has removed more than half of medical debts from credit reports. However, a voluntary decision can always be unmade and many individuals have medical bills over that \$500 threshold that are impairing their access to credit, insurance, employment, and housing.

This is why other states have passed laws limiting what can be reported, in addition to taking other steps to protect individuals from being crushed by medical debt, like adding protections against liens and garnishments or increasing access to payment plans and financial assistance. Please count us as partners as you continue to work to address health care access and affordability, including the downstream consequences like damaged credit scores.