


Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: April 6, 2026

SUBJECT: Fiscal Impact Statement – Medical Debt Mitigation Amendment Act of 2026

REFERENCE: Bill 26-438, Draft Committee Print as provided to the Office of Revenue Analysis on March 24, 2026

Conclusion

Funds are not sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. The bill costs \$307,000 in fiscal year 2027 and \$882,000 over the financial plan.

Background

The bill changes¹ how medical debt is managed and collected in the District of Columbia by requiring health care facilities to establish financial assistance policies and by regulating the practices of health care providers and debt collectors.

The bill requires every health care facility² to establish financial assistance policies for medically necessary services, including eligibility criteria, the basis for calculating amounts charged to patients, and the application process. The financial assistance policies must be made public on the health care facility's website and through written notices to patients. The policies must be offered in a patient's preferred language.

Health care facilities must affirmatively offer to screen patients who are eligible for financial assistance if they are uninsured, enrolled in public assistance programs, experiencing homelessness, or meeting other specified criteria established by the Department of Health (DC Health). If a patient

¹ By amending The Health Services Planning Program Re-establishment Act of 1996, effective April 9, 1997 (D.C. Law 11-191; D.C. Official Code § 44-401 et seq.).

² Excluding intermediate care facilities, skilled nursing facilities, and home health agencies.

does not meet any of these criteria, facilities must screen patients for financial assistance eligibility upon request. Health care facilities must require proof of income and residency to determine eligibility. Health care facilities must notify patients when financial assistance is approved, when their medical bill has been reduced or eliminated, and when an outstanding balance remains. Facilities must inform patients on how to apply for additional financial assistance for any remaining balance.

The bill establishes levels of assistance based on a patient's household income. Health care facilities must provide free care to patients with household incomes up to 200 percent of the federal poverty level. Patients with incomes up to 500% of the federal poverty level must receive discounted care, with specified discount tiers:

- 75 percent for a patient with a household income of 200 percent to 300 percent of the federal poverty level;
- 60 percent for a patient with a household income of more than 300 percent to 400 percent of the federal poverty level; and
- 40 percent, for a patient with a household income of more than 400 percent to 500 percent of the federal poverty level.

Patients eligible for financial assistance must be offered payment plans with monthly installments not to exceed 3 percent of a patient's monthly household income. Payment plans must be honored even if medical debt is sold to collections. Health care facilities or collection entities may accelerate a payment plan or declare it in default or no longer operative only if:

- A patient fails to make scheduled payments for at least 3 consecutive months;
- The health care facility or collection entity has made at least 3 reasonable attempts to contact the patient;
- The health care facility or collection entity has provided the patient with written notice that the payment plan may be declared in default and with an opportunity to renegotiate the payment plan; and
- The health care facility or collection entity has made a good faith effort to renegotiate the terms of the payment plan.

A health care facility or collection entity cannot commence a civil action against the patient for nonpayment until at least 90 days after the payment plan is declared in default.

The bill requires that each health care facility report to DC Health detailed annual data on financial assistance provided, outstanding medical bills, and outreach efforts, disaggregated by demographic groups. DC Health must make the data collected, along with corrective action plans or fines, public if a health care facility is found to have violated the law. DC Health must share this information with the Office of the Attorney General (OAG) upon request. Violations will be considered unlawful debt collection practices.³ The bill also requires DC Health to establish a process for patients to submit complaints relating to financial assistance.

DC Health must establish, within six months of the effective date of the bill, rules that address the minimum requirements for patient appeals regarding eligibility for financial assistance; minimum required steps a health care facility shall take before sending medical debt to collections; and the

³ Under D.C. Official Code § 28-3814.

The Honorable Phil Mendelson

FIS: "Medical Debt Mitigation Amendment Act of 2026," Bill 26-438, Draft Committee Print as provided to the Office of Revenue Analysis on March 24, 2026

process for patients to submit a complaint to DC Health relating to a health care facility's noncompliance with the requirements in the bill.

The bill prohibits providers, health care facilities, and collection entities from reporting medical debt to consumer credit agencies. Health care providers and health care facilities are also prohibited from promoting or assisting with medical lending products and from requiring credit card authorization prior to care.

The bill limits⁴ when medical debt may be collected. No debt collection can occur until 180 days after the first medical bill, and patients must be notified at least 90 days in advance of debt collection. If services were provided at a health care facility, a health care facility or debt collector may not initiate a lawsuit to collect on medical debt or engage in medical debt collection against a patient who is presumptively eligible or receiving free or discounted care under the health care facility's financial assistance policy, unless that patient has refused financial assistance or has defaulted on their payment plan. Debt collectors are prohibited from charging interest for patients who receive financial assistance. Debt collectors may charge an annual interest rate of 3 percent for patients who do not qualify for financial assistance. The bill prohibits health care providers and debt collectors from filing a property lien against a patient's primary residence or garnishing the wages of a patient with an annual household income less than 500% of the federal poverty level.

The bill sets an applicability date of April 1, 2027.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. The bill costs \$307,000 in fiscal year 2027 and \$882,000 over the financial plan.

DC Health must hire a Health Systems Planner and a Healthcare Financial Analyst to receive and review reports from covered healthcare facilities, produce information to OAG, receive and manage complaints against covered healthcare facilities, and ensure continued compliance by analyzing health system financial accounting. The salary and fringe cost for these new employees is \$277,000 in fiscal year 2027 and \$852,000 over the financial plan. Additionally, DC Health will need to make modifications to its data collection system to collect and track health system financial data. The total cost of this modification is \$30,000 in fiscal year 2026.

Bill 26-438, Medical Debt Mitigation Amendment Act of 2026					
Total Costs (\$ thousands)					
	FY 2026	FY 2027	FY 2028	FY 2029	Total
Salary ^(a)	\$0	\$225	\$230	\$235	\$690
Fringe ^(b)	\$0	\$52	\$54	\$56	\$162
IT Costs	\$0	\$30	\$30	\$0	\$30
Total	\$0	\$307	\$284	\$291	\$882

Table Notes:

(a) Assumes two Grade 13, Step 5 employees and salary cost growth of 2 percent.

⁴ By amending Section 28-3814 of the District of Columbia Official Code.

The Honorable Phil Mendelson

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(b) Assumes fringe rate of 22.9 percent and fringe cost growth of 2.35 percent.

The OAG does not require additional resources to implement the bill. The agency already investigates and litigates unlawful debt collection practices.