ED & WORKFORCE DEMOCRATS

FACT SHEET

House Committee on Education and Workforce
Ranking Member Robert C. "Bobby" Scott

The Protecting Workers' Wages from Medical Debt Act

Background

The United States is the richest country in the world, yet medical debt is one of the greatest threats to working people's livelihoods. Right now, approximately **100 million Americans are trapped with $220 billion in medical debt**. Looming unpaid medical bills can devastate working families, whether they have health insurance or not. Americans have **reported** cutting back on basic necessities, pushing off other bills, and dipping into retirement or college savings because of medical debt. Medical debt can even get in the way of future health care, with people skipping doctor appointments and surgeries or being denied treatment because of unpaid bills.

The medical debt crisis has become more dire as millions of Americans are being stripped of their health care due to President Trump and Congressional Republicans' disastrous "**Big, Ugly Bill**." Republicans took a chainsaw to Medicaid and health coverage under the *Affordable Care Act* to fund over $1 trillion in tax breaks for corporations and the rich. Workers' wages shouldn't be up for grabs.

The Problem

When workers incur medical debt, they are often already in a difficult financial situation. Still, they can be thrown into further hardship when their wages are forcibly cut to repay the debt, a process known as wage garnishment. Many Americans live paycheck to paycheck, and an automatic loss of wages only exacerbates their financial struggles.

Wage garnishment is a legal order that directs an employer to withhold portions of a worker's earnings for the payment of a debt, including for unpaid medical bills. **News reports and analyses** of hospitals, provider groups, and third-party debt collectors pursuing garnishment orders for outstanding medical bills have highlighted the predatory nature of this form of debt collection, particularly because it targets low-income workers.

Generally, **federal law** allows up to 25 percent of a worker's take-home pay to be garnished, but not any amount below 30 times the federal minimum wage ($7.25 X 30 = $217.50), each workweek. Over 30 states have gone further to provide greater protection. However, when workers are struggling, these constraints are not enough.

The Solution

The *Protecting Workers' Wages from Medical Debt Act* protects workers, many of whom are struggling to make ends meet, by prohibiting wages from being garnished for the payment of medical debt. Specifically, the bill:

- Bans any amount of a worker's wage from being subject to garnishment for medical debt, and
- Prohibits any state or court from issuing or enforcing a wage garnishment order for medical debt.