



California State Treasurer's Office **NEWS RELEASE**

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California Treasurer Fiona Ma Supports Medical Debt Relief Act of 2026 at Capitol Press Conference

SACRAMENTO – At a press conference today at the State Capitol, Treasurer Fiona Ma announced her sponsorship of Assembly Bill 2123, the Medical Debt Relief Act of 2026, designed to reduce the burden of medical debt for Californians.

Treasurer Ma, joined by Assembly Majority Leader Cecilia Aguiar-Curry, the bill's author, and Advisory Council Member Tami Pangelina, California Colorectal Cancer Coalition, highlighted how the legislation would establish a state-led program to purchase and eliminate medical debt, providing direct financial relief to struggling families.

"This initiative is about making a full recovery, restoring your health and retaining financial stability," said Treasurer Ma. "Through this initiative, California can leverage its financial tools to relieve billions in burdensome debt for residents who did everything right but still fell behind due to healthcare costs."

AB 2123 would create a Medical Debt Relief Program Account, enabling the state to acquire medical debt, and cancel it outright. The account, to be administered by the California Health Facilities Financing Authority (CHFFA), through an interagency agreement with Health Care Access and Information, would create the California Medical Debt Relief Program Account within the CHFFA fund to relieve medical debt for millions of Californians. Households with an income of 400 percent of the federal poverty level, or with a debt exceeding five percent of their adjusted gross income would be eligible.

"Too many Californians are doing everything right and still getting buried in medical debt they realistically can't pay," said Assembly Majority Leader Cecilia Aguiar-Curry (D-Winters). "AB 2123 takes a common-sense approach—buying up that debt for pennies

on the dollar and wiping it out—so families don't have to choose between seeing a doctor and keeping the lights on.”

Other states and localities, including New Jersey, Illinois, Vermont, New York City, and Los Angeles County, have implemented or are developing medical debt relief programs that have either demonstrated success or show strong potential. In 2024, Los Angeles County invested \$5 million, resulting in the elimination of \$363 million in medical debt by December 2025. Vermont's proposal includes an initial investment of \$1 million, which could lead to the removal of up to \$100 million in medical debt statewide.

At the press conference, speakers underscored the real-life consequences of medical debt and the potential benefits of the legislation.

The state would identify qualifying medical debt held by providers or collectors. Then, using funds from the General Fund, the debt is purchased at a reduced cost thereby eliminating the debt.

California has already enacted nation-leading protections related to medical debt, including SB 1061 that went into effect in January 2025. This legislation prevents medical debt from appearing on credit reports. The Medical Debt Relief Act of 2026 represents the next phase, moving to direct, large-scale debt cancellation.

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Fiona Ma is California's 34th State Treasurer. She is the first woman of color, and the first woman Certified Public Accountant (CPA) elected to the position. Treasurer Ma serves as the state's banker and is agent of sale for all state bonds and trustee of billions of dollars of state indebtedness. The State Treasurer's Office also processes more than \$3 trillion in banking transactions annually and manages a \$150 billion investment portfolio. As State Treasurer, Ma is also chair of many boards, commissions, and authorities that provide financing for schools, housing, recycling and waste management, alternative energy, hospitals, and other projects that create jobs, improve California's economy, and better the lives of residents.