119TH CONGRESS
2D SESSION

S. ______

To amend title 11, United States Code, to provide bankruptcy protections for medically distressed debtors, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. WHITEHOUSE introduced the following bill; which was read twice and referred to the Committee on ____________________

A BILL

To amend title 11, United States Code, to provide bankruptcy protections for medically distressed debtors, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Medical Bankruptcy Fairness Act of 2026".

SEC. 2. DEFINITIONS.

(a) IN GENERAL.—Section 101 of title 11, United States Code, is amended—

(1) by inserting after paragraph (39A) the following:

"(39B) The term 'medical debt' means any debt incurred voluntarily or involuntarily—

"(A) as a result of the diagnosis, cure, mitigation, or treatment of injury, deformity, or disease of an individual; or

"(B) for services performed by a medical professional for the prevention of disease or illness in an individual.

"(39C) The term 'medically distressed debtor' means—

"(A) a debtor who, during the 3-year period preceding the date of the filing of the petition—

"(i) incurred or paid aggregate medical debt for the debtor, a dependent of the debtor, or a nondependent parent, grandparent, sibling, child, grandchild, or spouse of the debtor that was not paid by any third-party payor and was greater than the lesser of—

"(I) 10 percent of the adjusted gross income (as such term is defined in section 62 of the Internal Revenue Code of 1986) of the debtor; or

"(II) $10,000;

"(ii) did not receive domestic support obligations, or had a spouse or dependent who did not receive domestic support obligations, of at least $10,000 due to a medical issue of the individual obligated to pay that would cause the obligor to meet the requirements under clause (i) or (iii), if the obligor was a debtor in a case under this title; or

"(iii) experienced a change in employment status that resulted in a reduction in wages, salaries, commissions, or work hours or resulted in unemployment due to—

"(I) an injury, deformity, or disease of the debtor;

"(II) care for an injured, deformed, or ill dependent or nondependent parent, grandparent, sibling, child, grandchild, or spouse of the debtor; or

"(III) a national emergency declared by the President under the National Emergencies Act (50 U.S.C. 1601 et seq.) or another emergency declared by a Federal, State, or local official relating to a public health crisis; or

"(B) a debtor who is the spouse of a debtor described in subparagraph (A).".

(b) CONFORMING AMENDMENTS.—Section 104 of title 11, United States Code, is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by inserting "101(39C)(A)," after "101(19A),"; and

(2) in subsection (b), by inserting "101(39C)(A)," after "101(19A),".

SEC. 3. EXEMPTIONS.

(a) EXEMPT PROPERTY.—Section 522 of title 11, United States Code, is amended by adding at the end the following:

"(r)(1) If a medically distressed debtor exempts property listed in subsection (b)(2), the debtor may, in lieu of the exemption provided under subsection (d)(1), elect to exempt the aggregate interest of the debtor, not to exceed $250,000 in value, in property described in paragraph (3).

"(2) If a medically distressed debtor exempts property listed in subsection (b)(3) and the exemption provided under applicable law for the kind of property described in paragraph (3) is for less than $250,000 in value, the debtor may elect to exempt the aggregate interest of the debtor, not to exceed $250,000 in value, in any such property.

"(3) The property described in this paragraph is—

"(A) real property or personal property that the debtor or a dependent of the debtor uses as a residence;

"(B) a cooperative that owns property that the debtor or a dependent of the debtor uses as a residence; or

"(C) a burial plot for the debtor or a dependent of the debtor.".

(b) CONFORMING AMENDMENTS.—Section 104 of title 11, United States Code, is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by inserting "522(r)," after "522(q),"; and

(2) in subsection (b), by inserting "522(r)," after "522(q),".

SEC. 4. WAIVER OF ADMINISTRATIVE REQUIREMENTS.

(a) CASE UNDER CHAPTER 7.—Section 707(b) of title 11, United States Code, is amended by adding at the end the following:

"(8) Paragraph (2) does not apply in any case in which the debtor is a medically distressed debtor.".

(b) CASE UNDER CHAPTER 13.—Section 1325(b)(1) of title 11, United States Code, is amended—

(1) in subparagraph (A), by striking "or" at the end;

(2) in subparagraph (B), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(C) the debtor is a medically distressed debtor.".

SEC. 5. CREDIT COUNSELING.

Section 109(h)(4) of title 11, United States Code, is amended by inserting "a medically distressed debtor or" after "apply with respect to".

SEC. 6. STUDENT LOAN UNDUE HARDSHIP.

Section 523(a)(8) of title 11, United States Code, is amended by inserting "the debtor is a medically distressed debtor, or" before "excepting".

SEC. 7. ATTESTATION BY DEBTOR.

Section 521 of title 11, United States Code, is amended by adding at the end the following:

"(k) If the debtor seeks relief as a medically distressed debtor, the debtor shall file a statement of medical expenses relevant to the determination of whether the debtor is a medically distressed debtor, which shall declare under penalty of perjury that such medical expenses were not incurred for the purpose of bringing the debtor within the meaning of the term 'medically distressed debtor'.''.

SEC. 8. MEDICALLY DISTRESSED DEBTOR BANKRUPTCIES EXCLUDED FROM CONSUMER REPORTS.

Section 605(a) of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)) is amended by adding at the end the following:

''(9) Any information related to the bankruptcy of a medically distressed debtor, as defined in section 101 of title 11, United States Code.''.

SEC. 9. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), this Act and the amendments made by this Act shall take effect on the date of enactment of this Act.

(b) APPLICATION OF AMENDMENTS.—The amendments made by this Act shall apply only with respect to cases commenced under title 11, United States Code, on or after the date of enactment of this Act.