

Article - Human Services

§10-490.

(a) In this section, “preferred claim” means a claim that is given priority of payment from the general assets of a provider under the laws of the State or the United States.

(b) (1) The first \$500 of compensation or wages owed to an officer or employee of a provider for services rendered within 3 months before the commencement of a delinquency proceeding against the provider shall be paid before payment of any other debt or claim.

(2) Subject to paragraph (3) of this subsection, the Secretary may pay the compensation required to be paid under this subsection as soon as practicable after commencement of the delinquency proceeding.

(3) At all times, the Secretary shall reserve funds that the Secretary believes are sufficient for expenses of administration.

(4) The priority required under this subsection is instead of any other similar priority that may be authorized by law as to wages or compensation.

(c) Priority over all other claims in a liquidation proceeding, other than claims for wages specified in subsection (b) of this section, expenses of administration, and taxes, shall be given to claims by subscribers that arise from continuing care agreements with the provider, including claims to the statutory refund required by § 10-448 of this subtitle.

(d) (1) The owner of a secured claim against a provider for which a receiver has been appointed in this State or another state may:

- (i) surrender the security and file the claim as a general creditor; or
- (ii) have the claim discharged by resort to the security.

(2) If the owner of a secured claim has the claim discharged by resort to the security, any deficiency shall be treated as a claim against the general assets of the provider on the same basis as the claims of unsecured creditors.

(3) The amount of a deficiency is conclusive if adjudicated by a court of competent jurisdiction in a proceeding in which the receiver has been given notice and an opportunity to be heard.

(4) If the amount of a deficiency is not conclusive, the amount shall be determined in a delinquency proceeding in the State.