

HOUSE BILL 1324

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By: **Delegates Spiegel, Amprey, Fair, Kaiser, Kaufman, Lopez, Palakovich Carr, Shetty, Solomon, Tomlinson, Wells, and Woorman**

Introduced and read first time: February 7, 2025

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Hospitals – Medical Debt Collection – Sale of Patient Debt to Nonprofit**
3 **Organizations**

4 FOR the purpose of authorizing a hospital, under certain circumstances, to sell the medical
5 debt of patients if the debt is sold to a nonprofit organization for the purpose of
6 canceling the debt; requiring that a hospital's financial policy require the hospital to
7 dismiss actions pending against a patient for the collection of debt that was sold and
8 prohibit the hospital from engaging in specified collection activities on patient debt
9 that was sold; and generally relating to hospital debt collection policies and the sale
10 of patient debt to nonprofit organizations.

11 BY repealing and reenacting, without amendments,
12 Article – Health – General
13 Section 19–214.2(a)
14 Annotated Code of Maryland
15 (2023 Replacement Volume and 2024 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Health – General
18 Section 19–214.2(b), (f), (m), and (n)
19 Annotated Code of Maryland
20 (2023 Replacement Volume and 2024 Supplement)

21 BY adding to
22 Article – Health – General
23 Section 19–214.2(m)
24 Annotated Code of Maryland
25 (2023 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
2 That the Laws of Maryland read as follows:

3 **Article – Health – General**

4 19–214.2.

5 (a) (1) Each hospital annually shall submit to the Commission:

6 (i) At times prescribed by the Commission, the hospital’s policy on
7 the collection of debts owed by patients; and

8 (ii) A report including:

9 1. The total number of patients by race or ethnicity, gender,
10 and zip code of residence against whom the hospital, or a debt collector used by the hospital,
11 filed an action to collect a debt owed on a hospital bill;

12 2. The total number of patients by race or ethnicity, gender,
13 and zip code of residence with respect to whom the hospital has and has not reported or
14 classified a bad debt; and

15 3. The total dollar amount of the charges for hospital services
16 provided to patients but not collected by the hospital for patients covered by insurance,
17 including the out-of-pocket costs for patients covered by insurance, and patients without
18 insurance.

19 (2) The Commission shall post the information submitted under paragraph
20 (1) of this subsection on its website.

21 (b) The policy submitted under subsection (a)(1) of this section shall:

22 (1) Provide for active oversight by the hospital of any contract for collection
23 of debts on behalf of the hospital;

24 (2) **[Prohibit] EXCEPT AS PROVIDED IN SUBSECTION (M) OF THIS**
25 **SECTION, PROHIBIT** the hospital from selling any debt;

26 (3) Prohibit the charging of interest on bills incurred by self-pay patients
27 before a court judgment is obtained;

28 (4) Describe in detail the consideration by the hospital of patient income,
29 assets, and other criteria;

30 (5) Prohibit the hospital from reporting to a consumer reporting agency or
31 filing a civil action to collect a debt within 180 days after the initial bill is provided;

1 (6) Describe the hospital's procedures for collecting a debt;

2 (7) Describe the circumstances in which the hospital will seek a judgment
3 against a patient;

4 (8) In accordance with subsection (c) of this section, provide for a refund of
5 amounts collected from a patient or the guarantor of a patient who was later found to be
6 eligible for free care within 240 days after the initial bill was provided;

7 (9) If the hospital has obtained a judgment against or reported adverse
8 information to a consumer reporting agency about a patient who later was found to be
9 eligible for free care within 240 days after the initial bill was provided for which the
10 judgment was awarded or the adverse information was reported, require the hospital to
11 seek to vacate the judgment or strike the adverse information;

12 (10) Provide a mechanism for a patient to:

13 (i) Request the hospital to reconsider the denial of free or
14 reduced-cost care;

15 (ii) File with the hospital a complaint against the hospital or a debt
16 collector used by the hospital regarding the handling of the patient's bill; and

17 (iii) Allow the patient and the hospital to mutually agree to modify
18 the terms of a payment plan offered under subsection (e) of this section or entered into with
19 the patient; [and]

20 (11) Prohibit the hospital from collecting additional fees in an amount that
21 exceeds the approved charge for the hospital service as established by the Commission for
22 which the medical debt is owed on a bill for a patient who is eligible for free or
23 reduced-cost care under the hospital's financial assistance policy;

24 **(12) REQUIRE THE HOSPITAL TO DISMISS ACTIONS PENDING AGAINST**
25 **A PATIENT FOR COLLECTION OF DEBT THAT WAS SOLD UNDER SUBSECTION (M) OF**
26 **THIS SECTION; AND**

27 **(13) PROHIBIT THE HOSPITAL FROM:**

28 **(I) ENGAGING IN COLLECTION ACTIVITIES ON 100% OF THE**
29 **OUTSTANDING AMOUNT OF THE COMMISSION-SET CHARGE FOR DEBT SOLD UNDER**
30 **SUBSECTION (M) OF THIS SECTION; AND**

31 **(II) COLLECTING ON JUDGMENTS ENTERED INTO ON PATIENT**
32 **DEBT THAT WAS SOLD UNDER SUBSECTION (M) OF THIS SECTION.**

1 (f) (1) For at least 180 days after issuing an initial patient bill, a hospital may
2 not report adverse information about a patient to a consumer reporting agency or
3 commence civil action against a patient for nonpayment.

4 (2) A hospital shall report the fulfillment of a patient's payment obligation
5 within 60 days after the obligation is fulfilled to any consumer reporting agency to which
6 the hospital had reported adverse information about the patient, **INCLUDING IF THE DEBT**
7 **WAS SOLD UNDER SUBSECTION (M) OF THIS SECTION.**

8 (3) A hospital may not report adverse information to a consumer reporting
9 agency regarding a patient who at the time of service was uninsured or eligible for free or
10 reduced-cost care under § 19-214.1 of this subtitle.

11 (4) A hospital may not report adverse information about a patient to a
12 consumer reporting agency, commence a civil action against a patient for nonpayment, or
13 delegate collection activity to a debt collector:

14 (i) If the hospital was notified in accordance with federal law by the
15 patient or the insurance carrier that an appeal or a review of a health insurance decision
16 is pending within the immediately preceding 60 days; [or]

17 (ii) If the hospital has completed a requested reconsideration of the
18 denial of free or reduced-cost care that was appropriately completed by the patient within
19 the immediately preceding 60 days; **OR**

20 **(III) IF THE HOSPITAL SOLD THE DEBT UNDER SUBSECTION (M)**
21 **OF THIS SECTION.**

22 (5) If a hospital has reported adverse information about a patient to a
23 consumer reporting agency, the hospital shall instruct the consumer reporting agency to
24 delete the adverse information about the patient:

25 (i) If the hospital was informed by the patient or the insurance
26 carrier that an appeal or a review of a health insurance decision is pending, and until 60
27 days after the appeal is complete; or

28 (ii) Until 60 days after the hospital has completed a requested
29 reconsideration of the denial of free or reduced-cost care.

30 **(M) (1) (I) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A**
31 **HOSPITAL MAY SELL DEBT OWED TO THE HOSPITAL BY A PATIENT FOR HOSPITAL**
32 **SERVICES TO A NONPROFIT ORGANIZATION THAT IS EXEMPT FROM TAXATION**
33 **UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE FOR THE SOLE PURPOSE OF**
34 **CANCELING THE DEBT.**

1 **(II) THE CONTRACT BETWEEN THE HOSPITAL AND THE**
2 **NONPROFIT ORGANIZATION PURCHASING THE DEBT UNDER THIS SUBSECTION**
3 **SHALL:**

4 **1. STATE THAT THE SOLE PURPOSE OF THE SALE OF THE**
5 **DEBT IS TO CANCEL THE DEBT; AND**

6 **2. INCLUDE A WRITTEN AGREEMENT FROM THE**
7 **PATIENT ALLOWING THE DEBT TO BE SOLD.**

8 **(III) THE PATIENT IS NOT RESPONSIBLE TO THE HOSPITAL OR**
9 **THE NONPROFIT ORGANIZATION FOR ANY AMOUNT OF THE DEBT THAT IS SOLD**
10 **UNDER THIS SUBSECTION OR ANY INTEREST, FEES, OR COSTS ASSOCIATED WITH THE**
11 **DEBT OR THE SALE.**

12 **(2) DEBT SOLD UNDER THIS SUBSECTION MAY NOT BE SUBJECT TO**
13 **LEGAL RIGHTS OR CONTRACTUAL ASSIGNMENT LIMITS THAT PREVENT THE SALE OF**
14 **THE DEBT, INCLUDING LIMITS DUE TO:**

15 **(I) CURRENT LIENS OR LEGAL PROCESSES;**

16 **(II) AN EXPECTATION THAT THE DEBT WILL YIELD ADDITIONAL**
17 **REIMBURSEMENTS FROM A THIRD-PARTY PAYER; OR**

18 **(III) AN OPEN APPEAL WITH AN INSURANCE COMPANY.**

19 **(3) DEBT SOLD UNDER THIS SUBSECTION MAY BE SOLD WITH A**
20 **DISCOUNT OF COMMISSION CHARGES.**

21 **(4) THE COMMISSION SHALL TREAT THE AMOUNT OF PAYMENTS TO**
22 **HOSPITALS UNDER THIS SUBSECTION AS AN OFFSET TO UNCOMPENSATED CARE**
23 **AMOUNTS REPORTED BY HOSPITALS.**

24 **[(m)] (N)** The Commission shall review each hospital's implementation of and
25 compliance with the hospital's policies and the requirements of this section.

26 **[(n)] (O)** (1) On or before February 1 each year, beginning in 2023, the
27 Commission shall compile the information required under subsection (a) of this section and
28 prepare a medical debt collection report based on the compiled information.

29 (2) The report required under paragraph (1) of this subsection shall be:

30 (i) Made available to the public free of charge; and

1 (ii) Submitted to the Senate Finance Committee and the House
2 Health and Government Operations Committee in accordance with § 2-1257 of the State
3 Government Article.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2025.