



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 16th, 2024

SB630: Real Property - Contract Liens - Medical Debt

Chair Smith, Vice Chair Waldstreicher, and Members of the Committee,

Today, I am pleased to present SB630 which prohibits the creation of a lien on a primary residence due to medical debt.

SB630 builds on past work the General Assembly has done to expand protections for medical debt. In 2021, Chair Feldman passed SB514, to establish certain standards for hospital collection of debt, including preventing hospitals from pursuing liens on homes for medical debt.

Medical debt remains a critical issue in Maryland today. In 2023, 14% of Maryland households had a medical bill or medical debt that they were unable to pay with that percentage rising to 23% for African-American households.

Maryland households report that 44% of medical debt comes from outpatient (non-hospital) care which is what this legislation addresses.

Examples of outpatient services include physical therapy, diagnostic tests, or rehabilitative treatments, as well as private practice doctors, dentists, and other health practitioners.

When families fall behind on medical bills, some practitioners pursue aggressive collection efforts including liens on homes. There are examples of dental practices placing liens on a home for bills as low as \$180.

SB630 simply prevents liens on primary homes for debt from medically necessary medication, procedure, service, or treatment. Maryland will join 11 other states and territories that prohibit similar practices. These states and territories prohibit liens on primary residences: Arkansas, Florida, Iowa, Kansas, New York, Oklahoma, South Dakota, Texas, Washington D.C. and Puerto Rico.

The Maryland Hospital Association has submitted a letter of information in which they suggest a friendly amendment to include a definition of medical debt from the Health-General article. My sponsor amendment to this legislation would address their concerns and make two other changes.

The amendment does the following:

1. References language from Health-General, § 19-214.1 that says, “Medical debt” means out-of-pocket expenses, excluding co-payments, coinsurance, and deductibles, for medical costs billed by a hospital.”
2. Makes clear this is only for medically necessary healthcare.
3. Adds language to address the practice identified by Legal Aid of the District Court in Baltimore City of placing liens on properties owned by the debtor in the City without determining if the property is a primary residence.

Doctors and healthcare providers will still be able to pursue debt through wage garnishment and bank account garnishments.

Today you will hear from my sponsor panel, including Heather Forsythe of the Attorney General’s Health Education & Advocacy Unit, Marceline White of Economic Action Maryland, Anthony Davis of the Maryland Legal Aid, Berneta Haynes of the National Consumer Law Center, and Brige Dumais of 1199 SEIU.

Medical debt affecting individuals' credit scores is not something they can choose. Protecting a primary home from a lien is an important step we can take to curb aggressive collection actions. I urge you to pass SB630.

Thank you.