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**Testimony to the Senate Judicial Proceedings Committee  
SB 630– Real Property – Contract Liens – Medical Debt  
Position: Favorable**

The Honorable Will Smith  
Judicial Proceedings Committee  
2 East, Miller Senate Building  
Annapolis, MD 21401  
cc: Members, Judicial Proceedings Committee

Feb. 16, 2024

**Dear Chairman Smith and Committee Members,**

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to protect consumers and secure safety, transparency, and fair treatment for Maryland drivers and car buyers.

We strongly support **SB 630** because it extends the protections against home liens based on hospital debts that the state established in 2021 to cover all medical liabilities. This reform would prevent thousands of Maryland families from living under the threat that they could lose their homes or have their credit record devastated as a result of medical debts.

As a result of the high cost of medical care, medical debt has become shockingly common -- and not just among low-income or uninsured Americans. Recent estimates find that U.S. consumers owe at least \$195 billion in medical debt.<sup>1</sup> An extensive Kaiser Family Foundation (KFF) survey published in 2022 found that 41% of U.S. adults had medical debt and 24% reported being unable to pay that debt. One in seven adults said they had been denied care by another medical provider because of their outstanding medical debt.<sup>2</sup>

Those without a college degree or with lower incomes were more likely to have such debts – but 31% of college graduates and 26% of those with incomes over \$90K also reported medical debts, as did 44% of adults under 65 who have health insurance (and 62% of those without it).

Unlike other financial liabilities, medical debt is a burden no one chooses to take on voluntarily. No one should lose their home or their equity or their access to credit as a result of the costs imposed by an illness or a short-term medical problem. Yet between 2009 and 2018 more than 4,440 Marylanders had liens put on their homes as a result of medical debts.<sup>3</sup>

When a lien is placed on someone's home, it not only raises the risk of foreclosure but makes it much harder to access the equity in the home to help finance home repairs or renovations or pay for

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<sup>1</sup> <https://www.marylandmatters.org/2022/08/29/new-safeguards-in-maryland-and-other-states-may-help-those-who-are-drowning-in-medical-debt/>

<sup>2</sup> <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>

<sup>3</sup> [https://www.baltometro.org/sites/default/files/bmc\\_documents/committee/presentations/housing/HOUSING210805pres\\_medical-debt-protection-act.pdf](https://www.baltometro.org/sites/default/files/bmc_documents/committee/presentations/housing/HOUSING210805pres_medical-debt-protection-act.pdf)



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a college education or to refinance the home to get a better interest rate or for other projects that may be critical to a family's financial future. It also can badly hurt the owner's credit rating, which can sharply increase cost of insurance, borrowing, and other necessary transactions.

The legislature did act to sharply limit home liens (and other unfair medical debt collection practices) in 2021, when the landmark Medical Debt Prevention Act barred hospitals from putting liens on patients' homes because of outstanding debt. But the cost of care has grown so high that many families now accrue serious medical debt not just from hospitals but from the offices of orthodontists, dentists, obstetricians, and other health care providers. Under current law, such debts still can lead to liens against people's homes.

That's why we now need to extend protection against home liens to all Marylanders for all kinds of medical debts. **SB 630** would do so by simply and clearly prohibiting such liens on "owner occupied residential property."

This language would not prevent liens on vacation or second homes or investment properties – so it wouldn't enable high-income people to avoid attachments on a lucrative portfolio of properties while failing to pay their bills. But it would prevent Marylanders from losing their homes or access to equity because of burdensome medical expenses that are very often beyond our control.

**We support SB 630 and ask you to give it a FAVORABLE report.**

Sincerely,

Franz Schneiderman  
Consumer Auto