Testimony - Senate Bill 630 – Real Property – Cont
Uploaded by: Anthony Davis
Position: FAV

Senate Bill 630 – Real Property – Contract Liens – Medical Debt
Assigned to Judicial Proceedings
Hearing on February 16, 2023
Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 630 in response to a request from Senator Ariana B. Kelly.

Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents, including abused and neglected children, nursing home residents, and veterans. With 12 offices serving residents in each of Maryland's 24 jurisdictions, MLA handles civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law, and criminal record expungements to remove barriers to obtaining child custody, housing, driver's licenses, and employment. MLA supports SB 630.

MLA has significant experience with the effect of medical debt, consumer debt collection, foreclosures, and bankruptcies. SB 630 expands protections against medical debt for consumers and prevents a judgment lien on owner-occupied residential property as the result of a contract or breach of contract for the payment of medical debt. Because this bill provides expanded protections against medical debt for consumers and prevents liens against owner-occupied residential real property, MLA urges a favorable report on SB 630.

Medical debt and mortgage foreclosure are among the most severe financial hardships facing all Marylanders. Medical debt affects all people and demographic groups and is largely unavoidable. It is more likely incurred by people with disabilities, those who are in ill health, the poor, and older adults. The Peterson Center on Healthcare found that 12% of adults with incomes below 400% of the federal poverty level report having significant medical debt[1]. The Abell Foundation reports that 15% of Marylanders have unpaid medical debt[2] and it is the number one cause for bankruptcy in the Maryland[3]. In 2020, over 140,000 lawsuits were filed to collect medical debt, and over 25% of them resulted in wage and property garnishment[4].

Foreclosure is another severe hardship affecting Marylanders and a leading cause of bankruptcy, as well. In the most recent DHCD publication on Property Foreclosure Events, Maryland's foreclosure rate is the 4th highest in the nation behind NJ, NV, and SC[5]. Maryland actually "improved" to 4th after posting one of the largest quarterly declines of foreclosure activity in the nation[6]. Despite this "improvement", our state average foreclosure rate of 12.8% is significantly higher than the national average of 7.6%. A distressed homeowner in mortgage default and facing foreclosure is often battling other debt collections actions, as well, and medical debt is a top cause.

It is the goal of MLA to prevent foreclosure, preserve homeownership and reduce the economic burdens of systemic poverty. Oftentimes, representing a client in financial distress is an exercise in peeling back many layers of accumulated problems – insufficient income, loss of employment, delinquent taxes, collections, utility shutoffs – all these issues impacting the security and stability for individuals, families, children, and those who want to age-in-place. SB 630 prevents creating an additional layer of problems – it prevents a lien against the person's home as the result of unpaid medical debt. While it may be believed that judgment liens for medical debt are rare, judgments entered in the District Court of Maryland for Baltimore City are, as a matter of law, automatically placed against any property that the Defendant has in Baltimore City. In other counties, the matter must be brought in circuit court for a judgment lien to attach.

Medical debt and high rates of foreclosures threaten Maryland homeowners. At MLA, we welcome legislation that will remove barriers for consumers and offer greater relief from adverse debt collection actions. SB 630 expands current Maryland law that prohibits hospitals from placing liens on patients' homes due to outstanding medical debt[7]. SB 630 applies to all outstanding medical debt arising from medically necessary services. In doing so, SB 630 will give homeowners some relief from encumbrances that block available financial solutions to housing related issues. For these reasons, Maryland Legal Aid requests a favorable report on SB 630.

Respectfully Submitted,

Anthony H. Davis
Director of Advocacy for Consumer Law
Maryland Legal Aid, Inc.
500 E. Lexington Street
Baltimore, Maryland 21202
(410) 951-7703

SB 630_PJC_Favorable_JPR.pdf
Uploaded by: Ashley Black
Position: FAV

Ashley Woolard, Staff Attorney
Public Justice Center
201 North Charles Street, Suite 1200
Baltimore, Maryland 21201
410-625-9409, ext. 224
woolarda@publicjustice.org

SB 630
Real Property – Contract Liens – Medical Debt
Hearing of the Senate Judicial Proceedings Committee
February 16, 2024
10:00 AM

FAVORABLE

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Health and Benefits Equity Project advocates to protect and expand access to healthcare and safety net services for Marylanders struggling to make ends meet. We support policies and practices that are designed to eliminate economic and racial inequities and enable every Marylander to attain their highest level of health. The **PJC strongly supports SB 630**, which prohibits the practice of placing a lien on someone's home for a medical debt. This issue is a priority for PJC as many of our low-income clients who have chronic illnesses experience significant challenges in affording unexpected medical bills and maintaining their housing stability.

Medical debt collection has a disproportionate impact on low-income patients and communities of color. Medical debt collection places the financial security and housing stability of patients and their families at risk. By taking money that comes into the household away from paying for basic needs, such as food, housing, medication and utilities, medical debt keeps low-income patients in a cycle of poverty that can be impossible to break. Maryland's hospitals have a long history of failing to use the millions of dollars in charity care funding that they receive instead of pursuing patients to recover medical debt. More than 4,000 Maryland households were subjected to a lien from Maryland's nonprofit hospitals in a nine-year period to recover these debts.[1]

SB 630 would eliminate the harmful practice of placing liens on Marylander's homes to recover medical debt. Individuals with liens on their record experience significant difficulties in securing credit and refinancing their homes, preventing low-income individuals from attaining financial security. SB 630 recognizes that housing stability, a social determinant of health, should not be placed in jeopardy simply because a patient sought and received necessary medical care.

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[1] National Nurses United, *Preying on Patients: Maryland's Not-for-Profit Hospitals & Medical Debt Lawsuits* (2020), https://www.nationalnursesunited.org/preying-on-patients.

For these reasons, the Public Justice Center urges the committee to issue a **FAVORABLE** report for **SB 630.** Thank you for your consideration of our testimony. If you have any questions about this testimony, please contact Ashley Woolard at 410-625-9409 x 224 or woolarda@publicjustice.org.

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

SB630 Medical Debt Home Liens FAV.pdf
Uploaded by: Brige Dumais
Position: FAV

Testimony on **SB630**
Real Property – Contract Liens – Medical Debt
Position: **FAV**

To Mr. Chair and Members of the Committee,

My name is Ricarra Jones and I am the Political Director of 1199SEIU United Healthcare Workers East, Maryland/DC. We are the largest healthcare workers union in the nation, representing 10,000+ members in our region. 1199SEIU members know firsthand that “Housing is Healthcare.” We urge a favorable report on SB630 to end the practice of home liens over medical debt.

In 2021, the Maryland General Assembly (MDGA) unanimously passed the Medical Debt Protection Act which prohibited liens on the homes of hospital patients. In passing that bill, the MDGA affirmed that patients should not be punished with home liens for seeking medically necessary healthcare. HB673 is an opportunity to apply this value more broadly, which will improve public health overall.

We are experiencing a critical short staffing crisis in healthcare, and Maryland has the longest Emergency Department wait times in the entire country. One of many ways to mitigate this crisis is to ensure that fewer individuals are hospitalized and forced to seek frequent medical care due to preventable illnesses, such as those caused by housing insecurity[1]. Housing stability directly correlates with better physical and mental health outcomes. Improved health outcomes can decrease healthcare costs for patients in the long run and can lower hospitalizations, reducing unbalanced worker to patient ratios and bolstering quality of care for everyone.

No one should lose their home over the high cost of healthcare. **Please vote YES on SB630**.

In Unity,

Ricarra Jones, Political Director
1199SEIU UHW E., MD/DC
ricarra.jones@1199.org

[1] https://www.healthaffairs.org/do/10.1377/hpb20180313.396577/

SB630 - HLF Testimony - Favorable (002).pdf

Uploaded by: Casey Santora
Position: FAV

The HOLLAND LAW FIRM
for Consumer Rights

Emanwel J. Turnbull
Attorney at Law
eturnbull@hollandlawfirm.com

The Holland Law Firm, P.C.
Mailing Address:
914 Bay Ridge Rd, Ste 230
Annapolis, MD 21403

SB630 Real Property-Contract Liens-Medical Debt
Position: Favorable

February 15, 2024

The Honorable Senator William C. Smith, Jr., Chair
Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, MD 21401
cc: Members, Judicial Proceedings Committee

Honorable Chair Smith and Members of the Committee:

The Holland Law Firm, P.C. is a consumer rights law firm, serving ordinary Marylanders impacted by bad business practices.

We strongly support SB630.

SB360 prevents medical providers from using the Maryland Contract Lien Act (MCLA) to secure a lien over a patient's property for medical debt. MCLA is an extremely powerful tool, typically used by home owners' associations and building contractor to secure debts that have some relationship to real property. It allows a lien to be created with no lawsuit and no determination by a court that the patient actually owes the money. The MCLA's process should not be available for medical debt.

SB360 simply removes the MCLA as an option for collecting medical debt. It will have no impact on any medical provider that does not engage in aggressive collection tactics, such as putting liens on patients' homes, and will help to stop Marylanders losing their homes because they fell ill and needed treatment.

For all these reasons, we urge a favorable report on SB630.

By: /s/ Emanwel J. Turnbull

Emanwel J. Turnbull
THE HOLLAND LAW FIRM, P.C.
914 Bay Ridge Rd, Ste 230
Annapolis, MD 21401
Telephone: (410) 280-6133
Facsimile: (410) 280-8650
eturnbull@hollandlawfirm.com

testimony2024sb630.pdf
Uploaded by: Franz Schneiderman
Position: FAV

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

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.[1] 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. [2]

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. [3]

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

[1] https://www.marylandmatters.org/2022/08/29/new-safeguards-in-maryland-and-other-states-may-help-those-who-are-drowning-in-medical-debt/
[2] https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/
[3] https://www.baltometro.org/sites/default/files/bmc_documents/committee/presentations/housing/HOUSING210805pres_medical-debt-protection-act.pdf

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

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

SB630.LOS.OAG.hf.20240215.pdf
Uploaded by: Heather Forsyth
Position: FAV

CANDACE MCLAREN LANHAM
Chief Deputy Attorney General

CAROLYN A. QUATTROCKI
Deputy Attorney General

LEONARD HOWIE
Deputy Attorney General

ANTHONY G. BROWN
Attorney General

CHRISTIAN E. BARRERA
Chief Operating Officer

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

PETER V. BERNS
General Counsel

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL

February 12, 2024

TO: William C. Smith, Jr., Chair
Senate Judicial Proceedings Committee

FR: Office of the Attorney General

RE: Senate Bill 630 – Real Property – Contract Liens – Medical Debt (**SUPPORT**)

The Office of the Attorney General writes in support of SB630 which seeks to protect the primary residence of each Marylander from the attachment of liens to satisfy medical debt.

No Marylander should be forced to jeopardize their home to pay for essential health care. According to a poll published by the Kaiser Family Foundation in June 2022, more than 40% of adults in the U.S. (*more than 100 million adults*) have some form of medical debt; half of whom owed more than $10,000. What makes medical debt distinct from other types of debt is that it is often unavoidable, unplanned, and involuntary. The Kaiser poll also revealed that medical debt is born most heavily on people who are low income, Black or Hispanic, and suffer from chronic illness. (Another reason for high medical debt included people who are uninsured, particularly in states that have not expanded Medicaid under the Affordable Care Act. Fortunately, Maryland is not among those states.) But even people with insurance can experience crushing medical debt due to high deductibles and out-of-pocket costs, fees not covered by insurance, and unexpected bills due to a lack of cost transparency or hidden costs (see House Bills 1148 and 1149).

Requiring Marylanders to risk the economic security of their homes in satisfaction of medical debts they largely have no control over does not, we believe, represent our state's values. Support of SB630 is consistent with the goals and priorities of the Office of the Attorney General to promote policies and initiatives that combat systemic inequities and protect the rights, responsibilities, and privileges of all Marylanders.

We ask the Committee to support the goals of this bill and consider a favorable report for SB630.

SB630_Committee to Protect Health Care_Fav.pdf
Uploaded by: Jodi Helsel
Position: FAV

COMMITTEE TO PROTECT
HEALTH CARE

To Chair Smith and Members of the Judicial Proceedings Committee:

As physicians, we are submitting this testimony in support of SB630. This legislation would help protect patients like ours and working families across Maryland who, under current Maryland law, can have a lien placed on their home just because of medical debt.

Health care costs are soaring across Maryland and, as a result, many families can't afford to pay their unexpected medical bills. In 2023, 14% of Maryland voters had a medical bill or medical debt that they or someone in their household could not pay. This issue hit Black-led households even harder, at a rate of 23% receiving an unaffordable medical bill.

Medical debt stems from a number of sources, including our state's nonprofit hospitals, outpatient services, such as physical therapy, diagnostic tests, or rehabilitative treatments, dentists, and more. Patients seeking routine care can end up with medical debt.

Unfortunately, patients with medical debt from basic health care can face aggressive collection tactics. Over a nine year period from 2009 to 2018, our state's nonprofit hospitals filed 145,746 lawsuits for medical debt, resulting in over 37,000 wage garnishments and more than 3,000 bankruptcies. The average amount of debt was $945.

One particularly aggressive tactic is to place a lien against a patient's home. Nonprofit hospitals placed 4,432 liens on families homes in nine years. No Marylander should have their shelter or the ability to fix it put at risk because of medical debt. As doctors, we worry about their health should they lose their home, and also that they may refuse to seek further needed medical care.

SB630 would remove the ability to place liens on homes to collect medical debt, better protecting patients like ours. Eleven states and territories prohibit liens on primary residences. And three more prohibit filing liens against people who are ill or have disabilities.

By joining these states, Maryland can help ensure families' homes and equity aren't put at risk simply because they or a loved one fell ill. We urge you to support SB630 to help patients and all Marylanders dealing with medical debt. Thanks for your time and consideration of our testimony.

Signed:

Lisa Abrams, MD (Pikesville)

Wendy Bernstein, MD, COL MC USA, Retired (Rockville)

Ealena Callender, MD, MPH (Silver Spring)

Richard Cook, MD (Hughesville)

Henry Farkas, MD, MPH (Pikesville)

David L Meyers, MD (Baltimore)

Sally Pinkstaff, MD, PhD, FACP (Baltimore)

Christine Schneyer Englund, MD, MCI (Baltimore)

SB 630_MD Center on Economic Policy_FAV.pdf
Uploaded by: Kali Schumitz
Position: FAV

FEBRUARY 16, 2024

Marylanders Shouldn't Have to Risk A Home Lien to Receive Needed Health Care

Position Statement Supporting Senate Bill 630

Given before the Senate Judicial Proceedings Committee

SB 630 bans the practice of placing a lien on someone's home for a medical debt. The principle behind the bill is simple: no one should face a lien on their home because they sought medical care for themselves or a loved one. A lien makes it difficult to secure credit, refinance, or lower mortgage payments which harms patients' financial security, particularly low-income households communities of color. **The Maryland Center on Economic Policy supports Senate Bill 630 because we believe that someone's home and overall economic security should not be at risk because they or a loved one fell ill.**

Under current Maryland law, working families across the state can have a lien placed on their home because of medical debt. Maryland nonprofit hospitals have sued low-income patients for medical debt including those who should have received free care. In fact, over a nine-year period, nonprofit hospitals placed liens on more than 4,000 Maryland households, filing over 145,000 lawsuits for medical debt and resulting in 37,370 wage garnishments and 3,278 bankruptcies.[1] The average amount of debt was $945. Most households sued for debt were in low-income communities of color, with many of them employed as service workers at the hospitals that were suing them.

Outpatient services such as dental, diagnostic, and private practice medical care are also a source of medical debt for Maryland households. One Baltimore County dental practice placed liens against 93 patients for amounts as low as $180. Moreover, 44% of patients report that their medical debt comes from an outpatient visit.[2] On top of that, the costs for treatments are rising, in part due to the role of private equity in purchasing practices, raising rates, and reducing staffing and overhead costs. Similarly, like the large hospitals, these small private practices have sued and placed liens on patient's homes. In 2019, the average cost for an emergency room dental visit was $728, an increase from $468 in 2013. Additionally, 32% of emergency room visits in 2019 were uninsured or covered by commercial insurance which may have required a co-pay or high deductible.

Hospital debt is devastating for many families, however Black households are hit hardest. For example, 14% of Maryland voters say that they or someone in their household have medical bills or debt that they are not able to repay. Black households comprise 23% of those unable to pay a medical bill compared to 8% of white households. In Maryland, private equity firms have purchased many private practices and subsequently increased the rates at

1 https://www.nationalnursesunited.org/preying-on-patients

2 September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

1800 North Charles Street, Suite 406 Baltimore MD 21201 | mdcep@mdeconomy.org | 410-412-9105

those practices. One study found that the per patient price increase ranged from 4-16% depending on the specialty area.[3] While families struggle with medical debt, rising costs of other bills put added pressure on financially fragile households. In 2023, 45-50% of renters were cost burdened in Maryland, spending more than 30% of their income (the suggested amount) on rent. In addition to rent, the cost of food and utilities have risen since 2020, outstripping gains in wages. As a result, many families simply can't afford to pay the unexpected medical bills.

A lien appears on banking records making it difficult for a homeowner to secure credit, such as a home equity loan and hampers their ability to sell or refinance their home. Limiting the ability of homeowners to tap into home equity because of an illness has several detrimental consequences. First, it may reduce the ability of the health provider to get paid if the homeowner planned to use those funds to pay the balance owed. Second, because most medical debt lawsuits are against low-income communities of color, these current practices continue to exacerbate existing inequalities by widening the racial wealth gap for communities who are already experiencing lower home values, lower appraisals and more difficulty in obtaining home loans.

For these reasons, the Maryland Center on Economic Policy respectfully requests the Judicial Proceedings Committee to make a favorable report on Senate Bill 630.

Equity Impact Analysis: Senate Bill 630

Bill Summary

SB 630 bans the practice of placing a lien on someone's home for a medical debt.

Background

Under current Maryland law, working families across the state can have a lien placed on their home because of medical debt. Maryland nonprofit hospitals have sued low-income patients for medical debt including those who should have received free care. In fact, over a nine-year period, nonprofit hospitals placed liens on more than 4,000 Maryland households, filing over 145,000 lawsuits for medical debt, and resulting in 37,370 wage garnishments and 3,278 bankruptcies. The average amount of debt was $945. Most households that were sued for debt were low-income communities of color, with many of them employed as service workers at the hospitals that were suing them.

Outpatient services such as dental, diagnostic, and private practice medical care are also a source of medical debt for Maryland households. One Baltimore County dental practice placed liens against 93 patients for amounts as low as $180. Moreover, 44% of patients report that their medical debt comes from an outpatient visit. On top of that, the costs for treatments are rising, in part due to the role of private equity in purchasing practices, raising rates, and reducing staffing and overhead costs. Similarly, like the large hospitals, these small private practices have sued and placed liens on patient's homes. In 2019, the average cost for an emergency room dental visit was $728, an increase from $468 in 2013. Additionally, 32% of emergency room visits in 2019 were uninsured or covered by commercial insurance which may have required a co-pay or high deductible.

Equity Implications

3 Monetizing Medicine: Private Equity and Competition in Physician Practice Markets https://www.antitrustinstitute.org/wp-content/uploads/2023/07/AAI-UCB-EG_Private-Equity-I-Physician-Practice-Report_FINAL.pdf

Hospital debt is devastating for many families, however Black households are hit hardest. In fact, 14% of Maryland voters say that they or someone in their household have medical bills or debt that they are not able to repay. African American households comprise 23% of those unable to pay a medical bill compared to 8% of white households.

Reducing medical debt directly impacts household finances by improving credit scores and access to credit. Research shows that households that have their medical debt relieved see improvements in physical and mental health outcomes as well as improved overall access to care. Since medical debt is disproportionally held among low-income communities, reductions in the burden of medical debt helps advance financial and health-based equity.

Impact

Senate Bill 630 will likely **improve racial, health, and economic equity** in Maryland.

MD SB630 debt-liens testimony.pdf
Uploaded by: Lauren Edwards
Position: FAV

February 14, 2024

Senator Smith, Chair
Senator Waldstreicher, Vice Chair
Judicial Proceedings Committee
2 East
Miller Senate Office Building
Annapolis, Maryland 21401

Dear Chair Smith, Vice Chair Waldstreicher and members of the Committee:

The Leukemia and Lymphoma Society is grateful for the opportunity to provide comments in support of SB630. We thank Senator Kelly for carrying this piece legislation to help relieve some of the financial toxicity patients experience due to medical debt.

LLS' mission is to cure leukemia, lymphoma, Hodgkin's disease, and myeloma and improve the quality of life for the more than 1.3 million people in the United States living with blood cancer and their families.

Medical debt can have serious financial consequences for blood cancer patients and their families. Blood cancer patients experience thousands of dollars in out-of-pocket spending in the months and years following their diagnosis. As a result, many cancer patients and survivors go into debt because of their cancer care. Medical debt can impose significant financial hardship to patients and families as they navigate their cancer journey, but SB630 presents the opportunity to shield patients from one of the most aggressive debt collection practices.

SB630 to prohibit the creation of a lien on a person's home because of a breach of contract for the payment of medical debt protects patients from financial toxicity that can affect them for years—even after they've paid off their medical debt. The ongoing ripple effect of a lien can jeopardize a patient or survivor's ability to sell their home, prevent them from securing other lines of credit, negatively impact the value of their home, and more.

Marylanders need laws to lower their chances of accumulating medical debt and to reduce the harms of medical debt when it can't be avoided. For these reasons, we ask for a favorable report on SB630.

Sincerely,

Lauren Edwards
Senior Regional Manager, State Government Affairs
The Leukemia & Lymphoma Society
lauren.edwards@lls.org | (804) 922-3446

HB673SB630 Fact Sheet Feb8 (1) (1) (3).pdf
Uploaded by: Marceline White
Position: FAV

Protect Families and Family Homes from Aggressive Medical Debt Collection

No one should lose a home because they or a loved one became ill. Yet, under current Maryland law, working families across Maryland can have a lien placed on their home because of medical debt.

14% of Maryland voters have medical debt or have a family member with medical debt

Structural Issue - Medical Debt

In 2023, 14% of Maryland voters had a medical bill or medical debt that they or someone in their household is unable to pay.[1] Medical debt hit Black-led households harder, with 23% of African-Americans polled having an unaffordable medical bill.[2]

Families struggle with medical debt from a variety of sources including Maryland's nonprofit hospitals, outpatient services such as physical therapy, diagnostic tests, or rehabilitative treatments, as well as private practice doctors, dentists, and other health practitioners. Patients report that 44% of medical debt comes from an outpatient visit, 23% from a hospital stay, and 30% both outpatient visits and hospital stays.[3]

Hospitals are one source of medical debt, while outpatient services and private practice represent other sources. Dental care is a source of medical debt for many Maryland families. In 2019, the average cost for an emergency room dental visit was $728, an increase from $468 in 2013. Nearly one-third (32%) of the emergency room visits in 2019 were uninsured or covered by commercial insurance which may have required a co-pay or high deductible.

The Role of Private Equity

The cost for diagnostic and outpatient services at private practices has risen in the past decade, in part due to the expanded role of private equity (PE) in health care. Private equity firms have been purchasing doctors' practices, with a focus on gastroenterology, dermatology, and obstetrics and gynecology specialties, a six-fold increase in acquisitions in ten years. Studies have found statistically significant price increases related to a PE purchase of a practice ranging from 16% in oncology to 4% in primary care and dermatology.[4] The same study found per patient price increases ranging from 4-16% depending on the specialty. Because PE firms must realize a profit for their investors, one model has been to purchase these practices using debt, cut costs while raising prices, then sell the practice for a profit in a few years.[5]

In Maryland, private equity firms have purchased dermatology and anesthesiology practices which operate throughout the state. U.S. Anesthesia Partners works with 200 Maryland doctors and Certified Nursing Assistants (CNAs) across the state through their network and operates practices in seven other states.[6]

While families struggle with medical debt, rising costs for other bills put added pressure on financially fragile households. In 2023, 45-50% of renters are cost-burdened in Maryland, meaning they spend between 30-50% of their income on rent.[7] In addition to rent, cost for food and utilities have risen since 2020, outstripping gains in wages. As a result, many families simply can't afford to pay these unexpected medical bills and fall behind.

1 September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition) 2 ibid, 3 ibid
4 https://www.antitrustinstitute.org/wp-content/uploads/2023/07/AAI-UCB-EG_Private-Equity-I-Physician-Practice-Report_FINAL.pdf
5 Who Employs Your Doctor, Increasingly, a Private Equity Firm, New York Times July 2023
6 https://www.usap.com/locations/usap-maryland
7 America's Rental Housing, Joint Center for Housing Studies, Harvard University, January 2024

Problem - Aggressive Collection Tactics

When families fall behind on medical debt, hospitals and doctors pursue aggressive collection actions. Over a nine year period between 2009-2018, Maryland's non-profit hospitals filed 145,746 lawsuits for medical debt, resulting in 37,370 wage garnishments and 3,278 bankruptcies. The average amount of debt was $945.

The majority of the patients pursued by hospitals live in low-income neighborhoods. Many are employed at Wal-Mart, Amazon, or as service workers at the hospitals that are suing them.

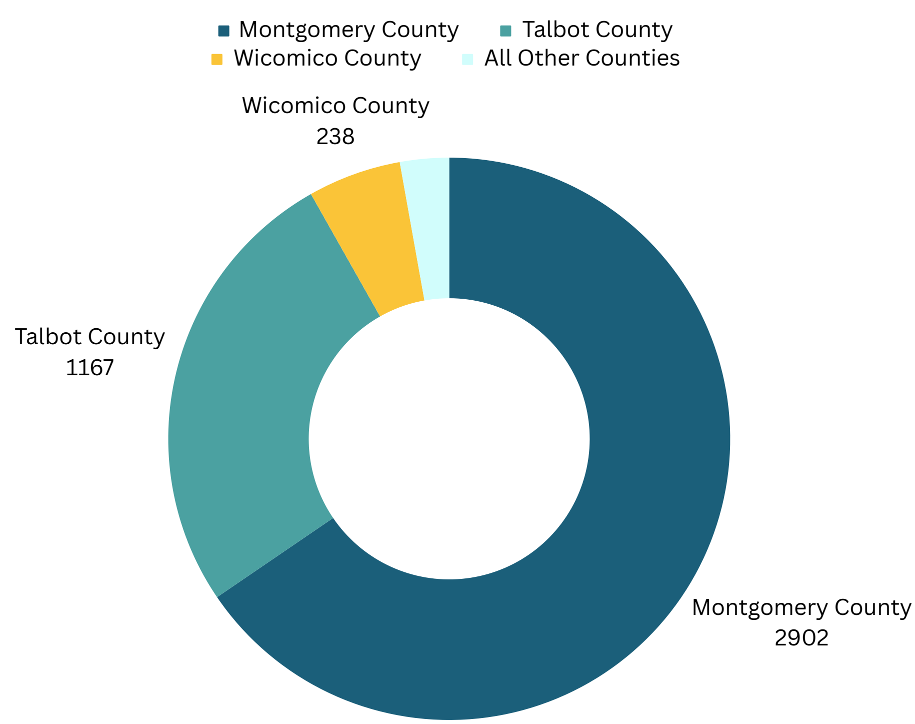
One aggressive collection tactic is to place a lien against an individual's home. In Maryland, nonprofit hospitals placed 4,432 liens placed on families homes over a nine year period, Montgomery County and Talbot County being the most aggressive in placing liens.

Some private doctors' practices and diagnostic services also place a lien against a home as a collection tactic. One Baltimore County dental practice has placed liens against 93 patients for amounts as low as $180.

A lien appears on banking records making it very difficult for a homeowner to secure credit, such as a home equity loan to fix burst pipes in the winter, and hampers their ability to sell or refinance their home. Homeowners refinance monthly payments, obtain lower interest rates, or access home equity.

Limiting the ability of homeowners to tap into home equity because of an illness has several unfortunate consequences. First, it may reduce the ability of the health provider to get paid if the homeowner planned to use those funds to pay the balance owed. Secondly, because the majority of medical debt lawsuits are concentrated in low-income communities of color — which continue to experience lower home values, lower appraisals, and more difficulties in obtaining home loans[8]— limiting the ability of a homeowner to refinance has the effect of widening the racial wealth gap and exacerbating existing inequalities.

Medical Debt Liens Filed by County



8 Examining Racial Disparities in Maryland's Housing Market DHCD December 2022

Solution - HB673/SB630

HB673/SB630 simply removes the ability to collect a medical debt by placing a lien on a home. Someone's home, their equity, should not be at risk because they or a loved one fell ill.

In 2021, the General Assembly passed HB565/SB514 which prohibited a lien on a home of a patient that qualified for free care from a nonprofit hospital. This legislation builds on that work and expands it to include other health care providers, like dentists and specialists.

Eleven states and territories prohibit liens on primary residences including: Arkansas, Florida, Iowa, Kansas, New York, Oklahoma, South Dakota, Texas, Washington D.C. and Puerto Rico. Three other states prohibit the filing of liens against the homes of people who are ill or have disabilities (Louisiana, Ohio, and Virginia).[9]

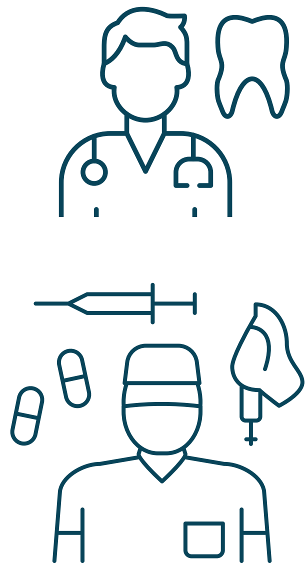
What the Bill Doesn't Do

- Cover unnecessary procedures.The bill is limited to medically necessary procedures so that it doesn't cover cosmetic or other treatments.

- Let the Wealthy Off. It is limited to a patient's primary residence so wealthy patients could still have a lien placed on their vacation homes as well as have their wages and bank accounts garnished.

What the Bill Does Do

- Protect Low-income families with medical debt. The vast majority of people sued for medical bills are low-income and people of color. This bill protects patients' homes. Destabilizing a patient's housing ensures that they will be less likely to pay off a judgment in the future.



No one should lose their home due to medical debt. Support HB673/SB630

9 Arkansas (Ark. Const. art. 4); Washington DC (D.C. Code § 15-501(a)(14)), Florida (Fla. Stat. Ann. §§222.01, 222.02, & Fla. Const. Art. X §4); Iowa (Iowa Cn Maryland's Hode Ann. § 561.156); Kansas (Kan. Stat. Ann. §60-2301); Maryland (Md Health Code §19-214.1); Oklahoma (31 Okla. St. Ann §2); Puerto Rico (PR Home Protection Act No. 195); South Dakota (S.D. Cod. Laws §43-45-3); and Texas (Tex Const. Art XVI, §§50, 51 & Tex Prop. Code §§41.001-.002).

SB630 Hospital Financial Assistance FAV.pdf
Uploaded by: Marceline White
Position: FAV

Testimony to the Senate Judicial Proceedings Committee
SB630 Real Property-Contact Liens-Medical Debt
Position: Favorable

February 16, 2024

The Honorable Senator William Smith, Chair
Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Judicial Proceedings Committee

Honorable Chair Smith and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in strong support of SB630 which builds on the General Assembly's important work over the past few years of expanding health care access for working families and reducing medical debt. In 2021, the General Assembly passed the Medical Debt Protection Act (SB514) which among many other protections banned the ability of hospitals to place a lien on the home of a patient to collect a hospital debt[1].

SB630 builds on that work by eliminating the ability for private health providers to place a lien on a patient's home to collect a debt.

Medical debt remains a problem in Maryland. In 2023, 14% of Maryland voters had a medical bill or medical debt that they or someone in their household is unable to pay. Medical debt hit Black-led households harder, with 23% of African-Americans polled having an unaffordable medical bill[2]. Families struggle with medical debt from a variety of sources including Maryland's nonprofit hospitals, outpatient services such as physical therapy, diagnostic tests, or rehabilitative treatments, as well as private practice doctors, dentists, and other health practitioners. Patients report that 44% of medical debt comes from an outpatient visit, 23% from a hospital stay, and 30% both outpatient visits and hospital stays[3].

Financial precarity and housing instability is on the rise. Despite recent gains, the purchasing power of wages continues to lag behind the rising costs of utilities, food, housing, and healthcare. U.C. Berkeley's Housing Precarity Risk Model ranks the Baltimore-Columbia-Towson MSA as the fifth most vulnerable nationally for displacement[4]. The model suggests 400,882 Maryland households live in neighborhoods at

[1] MD Code, Health-Gen. Section 19-214.2 - Debt collection policy
[2] September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)
[3] September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)
[4] https://www.urbandisplacement.org/maps/housing-precarity-risk-model/

higher and highest risk for displacement and that these precarious communities are largely communities of color with Black and Latine owners & renters comprising a majority of households in the high and highest risk neighborhoods[5].

Aggressive Debt Collection Actions
When families fall behind on medical debt, hospitals and doctors pursue aggressive collection actions. One aggressive collection tactic is to place a lien against an individual's home.

In Maryland, nonprofit hospitals placed 4,432 liens placed on families homes over a nine year period, Montgomery County and Talbot County being the most aggressive in placing liens. Some private doctors' practices and diagnostic services also place a lien against a home as a collection tactic. One Baltimore County dental practice has placed liens against 93 patients for amounts as low as $180.

Consequences of a Lien on a Home

A lien makes it difficult for a homeowner to secure credit, obtain refinancing for their home, or take out a line of credit. It also shows up on their credit report (depending on the amount of the debt) which can harm their access to additional credit, creating a snowball effect.

Limiting the ability of homeowners to tap into home equity because of an illness has several unfortunate consequences. First, it may reduce the ability of the health provider to get paid if the homeowner planned to use those funds to pay the balance owed. Secondly, because the majority of medical debt lawsuits are concentrated in low income communities of color — which continue to experience lower home values, lower appraisals, and more difficulties in obtaining home loans — limiting the ability of a homeowner to refinance has the effect of widening the racial wealth gap and exacerbating existing inequalities.

What SB630 Does
SB630 would prohibit a lien on a primary residence for medical debt. Eleven states and territories already ban liens for medical debt. It is narrowly drafted to limit this to primary residences and medically necessary procedures.

It will eliminate an aggressive collection practice that harms low-income patients and disproportionately impacts Black and Brown households.

SB630 simply says a home is off limits as a tool for debt collection for medical debt.

For all these reasons we support SB630 and urge a favorable report.

Best,

Marceline White
Executive Director

[5] https://www.urbandisplacement.org/maps/housing-precarity-risk-model/

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494
info@econaction.org · www.econaction.org · Tax
ID 52-2266235

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494
info@econaction.org · www.econaction.org · Tax
ID 52-2266235

SB 630 – Real Property Liens - Medical Debt.pdf
Uploaded by: NaShona Kess
Position: FAV

NAACP
Maryland
STATE CONFERENCE

HB 630 – Real Property – Contract Liens – Medical Debt
Judicial Proceedings
Position: Favorable

February 16, 2024
The Honorable Senator Smith, Chair
House Office Building
6 Bladen St.
Annapolis, Maryland 21401

Honorable Chair Smith and Members of the Committee:

I am writing on behalf of the Maryland State Conference of the NAACP. We support Senate Bill 630 Real Property – Contract Liens – Medical Debt, which is currently before the Health & Government Operations Committee. We ask that all members of the committee support this legislation that bans the practice of placing a lien on someone's home because they sought medical for themselves or a loved one.

SB 630 removes the ability to collect a medical debt by placing a lien on a home. A patient's home should not be at risk because they or a loved one fell ill. Some private practices have even placed liens on homes for as low as $180, placing the family at risk of losing their place to live. Many patients may have the ability to tap into their home equity to satisfy the medical debt, however, a lien will limit the ability of the homeowner to tap into their home equity. Limiting the ability to reach their home equity will substantially reduce the likelihood of the health provider collecting payment.

This bill builds on previous legislation that prohibits a lien on a patient that qualifies from free care from a non-profit hospital. If passed, Maryland will become part of a growing list of states that prohibit these types of liens, so let's stay on the right side of history.

Medical liens have a substantial impact on low-income patients which is of great concern to the Maryland NAACP. Most people sued for medical bills are low-income and people of color. This bill will protect low-income families with medical debt and protect patients' homes. Destabilizing a patient's housing ensures that they will be less likely to pay judgments in the future.

For these reasons, we support SB 630 and strongly urge a favorable report.

In Service,

NaShona Kess, Esq., MLS
Executive Director
NaShonakess.mdnaacp@gmail.com

Sen Kelly SB630 FAV.pdf
Uploaded by: Senator Ariana Kelly
Position: FAV

Ariana Kelly
Legislative District 16
Montgomery County

Judicial Proceedings Committee

James Senate Office Building
11 Bladen Street, Room 222
Annapolis, Maryland 21401
410-841-3124 · 301-858-3124
800-492-7122 *Ext.* 3124
Ariana.Kelly@senate.state.md.us

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.

SB 630 NMSS Testimony in Support Shannon Wood 2024
Uploaded by: Shannon Wood
Position: FAV

National Multiple Sclerosis Society
Shannon Wood, Director of Advocacy and Policy
February 16, 2024
Testimony in Support of SB 630: Prohibiting liens on owner-occupied residential property due to medical debt

Chair Smith, members of the Senate Judicial Proceedings Committee. I'm Shannon Wood with the National Multiple Sclerosis Society. Thank you for the opportunity to testify in support of SB 630, to prohibit liens on owner-occupied residential property due to medical debt.

MS is an unpredictable disease of the central nervous system. Currently, there is no cure. Symptoms vary from person to person and may include disabling fatigue, mobility challenges, cognitive changes, and vision issues. An estimated 1 million people live with MS in the United States, and early diagnosis and treatment are critical to minimize disability.

MS is a highly expensive disease, with the average total cost of living with MS at $88,487 per year[1]. Disease modifying therapies are the biggest cost of living with the disease, with individuals spending an average of $65,612 more on medical costs than individuals who don't have MS. MS may impact one's ability to work and can generate steep out-of-pocket costs related to medical care, rehabilitation, home and auto modifications, and more.

Because of the chronic nature of the condition, people living with MS bear the financial burden of the disease for the duration of their lives. The high costs of living with MS can leave many affected by it at high risk for medical debt, often incurred through no fault of the individual's own and for medically necessary medications, services, and treatment. This can have an extensive and long-lasting adverse impact on the financial security of families affected by MS and may lead to losing one's home equity.

With her permission, I'd like to share the story of a woman I'll call T., who lives with MS in the DC suburbs. T. lost her job soon after being diagnosed with MS in 2012, and shortly thereafter her husband lost his job as well. Despite their financial setbacks, T. knew she needed MRIs in order to stay on top of her health and monitor her disease progression. T. would pray while walking into her appointments that they would not ask for payment up front, knowing she didn't have the means to pay for it but critically needed the care. Medical debt from her MS care continued to pile up and eventually, T. and her husband had no other options but to file for bankruptcy, losing their home in the process.

Since, they have worked hard and successfully improved their credit scores with no late payments, yet the impact of those medical debts on her credit remain, keeping T. from being able to qualify for better housing just last year. The apartment complex was able to use the 9-year-old bankruptcy on her credit report to disqualify them.

The Society strongly supports policies that minimize the impact of medical debt, including measures like SB 630, to prohibit liens on owner-occupied residential property due to medical debt. Thank you for the opportunity to offer this testimony in support and I'm happy to answer any questions you may have regarding the Society's position.

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[1] "B. Bebo et al. A Comprehensive Assessment of the total economic burden of multiple sclerosis in the United States. ECTRIMS 2021. 15, October, 2021.

SB 630 - Real Property - Contract Liens - Medical
Uploaded by: Tonaeya Moore
Position: FAV

SB 630 - Real Property - Contract Liens - Medical Debt
Judicial Proceedings Committee
February 16, 2024
SUPPORT

Chair Smith, Vice-Chair Waldstreicher and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 630. This bill would ban the practice of placing a lien on someone's home for a medical debt.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than $10,000 annually. More than half earn less than $20,000.**

The principle behind the bill is that no one should face a lien on their home because they sought medical care for themself or a loved one. Maryland nonprofit hospitals have sued low-income patients for medical debt including those who should have received free care. In fact, over a nine-year period, nonprofit hospitals placed liens on more than 4000 Maryland households.[1] The majority of households that were sued for debt were located in low-income communities of color.

At the same time, outpatient services, dental, diagnostic and private practice medical care are a source of unaffordable medical debt for many Maryland households. Patients report that 44% of medical debt comes from an outpatient visit.[2] The costs for these treatments are rising, in part due to the role of private equity which is purchasing practices, raising rates and reducing staffing and overhead costs. Similarly, these practices have sued and placed liens on patients homes. A lien makes it difficult to secure credit, refinance, or lower mortgage payments which harms patients' financial security, particularly low-income households and those in communities of color.

SB 630 simply removes the ability to collect a medical debt by placing a lien on a home. Someone's home and their equity should not be at risk because they or a loved one fell ill.

Thus, we encourage you to return a favorable report for SB 630.

[1] https://www.nationalnursesunited.org/preying-on-patients

[2] September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

Organizational Sign on Letter SB630.pdf
Uploaded by: Zoe Gallagher
Position: FAV

SB630 Real Property-Contract Liens-Medical Debt

Position: Favorable

February 15, 2024
The Honorable Senator William C. Smith, Jr., Chair
2 East Miller Senate Office Building
Annapolis, Maryland 21401

cc: Members, Judicial Proceedings Committee

Honorable Chair Smith and Members of the Committee:

Chair and Members of the Committee,

We are writing today in strong support of SB630,

SB630 bans the practice of placing a lien on someone's home for a medical debt. The principle behind the bill is simple: no one should face a lien on their home because they sought medical care for themself or a loved one.

Maryland nonprofit hospitals have sued low-income patients for medical debt including those who should have received free care. In fact, over a nine-year period, nonprofit hospitals placed liens on more than 4000 Maryland households. The majority of households that were sued for debt were located in low-income communities of color.

At the same time, outpatient services, dental, diagnostic and private practice medical care are a source of unaffordable medical debt for many Maryland households. Patients report that 44% of medical debt comes from an outpatient visit. The costs for these treatments are rising, in part due to the role of private equity which is purchasing practices, raising rates and reducing staffing and overhead costs. Similarly, these practices have sued and placed liens on patients homes.

A lien makes it difficult to secure credit, refinance, or lower mortgage payments which harms patients' financial security, particularly low-income households and those in communities of color.

SB630 simply removes the ability to collect a medical debt by placing a lien on a home. Someone's home, their equity, should not be at risk because they or a loved one fell ill.

For all these reasons, we urge a favorable report on SB630.

Signed,

Zoe Gallagher, Policy Associate Economic Action Maryland

Matthew Girardi, Political and Communications Director, ATU Local 689

Michael Dalto, President, High Note Consulting, LLC

Lonia Muckle, Senior Policy Associate, CASH Campaign of Maryland

Ninfa Amador, Policy Analyst, CASA

Ashley Esposito, Executive Director, Baltimore Renters United

Camila Reynolds-Dominguez, Policy Advocate and Legal Impact Coordinator, FreeState Justice

Ashley Woolard, Lead Attorney, Health & Benefits Equity Project, Public Justice Center

Written Testimony SB 630 Public Health Law Clinic.
Uploaded by: Alex Sadzewicz
Position: FWA

Michael Heffron, Alex Sadzewicz, Brian Choi
Public Health Law Clinic
University of Maryland Carey School of Law

500 W. Baltimore St.
Baltimore, MD 21301
publichealth@law.umaryland.edu

Testimony in Support of SB 630 with Amendment

Real Property – Contract Liens – Medical Debt
Before the Judicial Proceedings Committee, February 14, 2024

We support Senate Bill 630 with amendment. The proposed legislation protects Marylanders who cannot afford to pay their medical debt from having liens on their homes. Liens undermine housing security, and consequently, human health. By restricting liens caused by overdue medical bills, Maryland can keep its citizens housed and healthy. However, by expressly excluding debt associated with "cosmetic procedures" from the definition of medical debt, the bill removes necessary protections for people who received cosmetic surgery that was the generally accepted standard of medical care and for a clear medical purpose for their circumstances. The legislation should be amended to remove this language and protect people from having their homes at risk due to all medical debt associated with medically necessary care.

I. Medical Debt Threatens the Health and Financial Security of Many Marylanders

Medical debt is a pervasive crisis. An estimated one fifth of Maryland adults possess medical debt.[1] In the United States, the total medical debt amounts to an estimated $75 billion. Much of the individual medical debt is less than $2,500, but this debt can seriously derail lives as many Americans cannot afford even minor expenses. Further, depending on state laws, people's credit scores and homes can be threatened because of medical debt.[2]

Medical debt exacerbates health issues. Those affected by medical debt often struggle to afford basic necessities, including food and clothing. The burden of medical debt can further compound negative health outcomes, as families that might have used money for better education, healthier and varied diets, or any number of quality-of-life changes may direct their money instead towards costs associated with medical debt.

In addition, the financial burden from medical debt can discourage people from seeking medical treatment or continuing necessary medication. In one survey, 36% of people with medical debt said that they put off health care because of medical or dental debt.[3] This can cause cascading negative health effects as people delay important medical procedures or medications.

[1] Keith Ericson & Tal Gross, *Limits on Medical-Debt Lawsuits in Maryland: Estimates of the Effect on Hospital Revenue*, ABELL FOUNDATION (Feb. 9, 2021), https://abell.org/wp-content/uploads/2022/02/Final20Medical20Debt20Report.pdf.
[2] Maanasa Kona & Vrudhi Raimugia, *State Protections Against Medical Debt: A Look at Policies Across the U.S.*, THE COMMONWEALTH FUND (Sept. 7, 2023), https://www.commonwealthfund.org/publications/fund-reports/2023/sep/state-protections-medical-debt-policies-across-us.
[3] Sara Collins, Shreya Roy, & Relebohile Masitha, *Paying for It: How Health Care Costs and Medical Debt Are Making Americans Sicker and Poorer*, THE COMMONWEALTH FUND (Oct. 26, 2023), https://www.commonwealthfund.org/publications/surveys/2023/oct/paying-for-it-costs-debt-americans-sicker-poorer-2023-affordability-survey.

Social inequalities also arise from medical debt. In Maryland, medical debt disproportionately affects communities of color, and low-income individuals. Medical debt disparately harms marginalized communities.[4]

In many states, hospitals and debt collectors can use overdue medical debt to place a lien on an individual's home. A lien can prevent an individual from selling or refinancing their home. Thus, an individual, already burdened by medical debt, could be prevented from using the equity in their home to help alleviate their financial insecurity or from receiving the full equity in their home if they decide to sell. Protecting homes from medical debt induced liens, not only allows people to maintain some flexibility in addressing their finances, but it also keeps people housed. Housing, as a social determinant of health, is necessary to keeping people healthy.[5]

Maryland Code recognizes the importance of protecting residents' homes from debt by allowing for the homestead exemption in bankruptcy proceedings. This law protects up to $25,150 of equity in one's home during bankruptcy proceedings.[6] While this is helpful and provides a foundation for the proposal in Senate Bill 630, no one should face the prospect of losing the equity in their home due to debt from medically necessary care.

II. The Bill Will Protect All Marylanders from Unforeseen, Necessary Medical Debt

Senate Bill 630 seeks to provide protection for individuals with medical debt from having liens placed on their primary residence. The current Maryland law only protects those with medical debt from having hospitals place liens on their residence.[7] This bill would expand that protection to medical debt stemming from any medication, procedure, service, or treatment from a medical professional, if that service or treatment is medically necessary.

However, the bill as written unnecessarily limits the protection it would provide. The definition of "medical debt" excludes any cosmetic procedure or service. Without defining what constitutes a cosmetic procedure under this bill, it leaves out protection for medical debt stemming from medically necessary plastic surgery that is within the generally accepted standard of care and for a clear medical purpose. This could include generally accepted procedures like breast reconstruction after a double mastectomy, breast reduction to alleviate back pain, or rhinoplasty for a deviated septum. A cosmetic procedure can also very well have a clear medical purpose, as with the example of a rhinoplasty, the procedure is both for the cosmetic enhancement of a person's appearance but also may be necessary to restore normal breathing and relieve abnormalities in the airway. Blepharoplasty to remove excess skin in the eyelid can be both for an aesthetic enhancement alongside the clear medical purpose of restoring proper vision.

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[4] Danielle Brown, *Medical Debt Can Lead to a Compounding Troubles for Low-Income Marylanders, Particularly for Black Families*, MARYLAND MATTERS (July 25, 2023), https://www.marylandmatters.org/2023/07/25/medical-debt-can-lead-to-a-compounding-troubles-for-low-income-marylanders-particularly-for-black-families/#:~:text=Economic%20Action%20Maryland%20conducted%20a,debt%20they%20could%20not%20pay.

[5] U.S. Department of Health and Human Services, *Housing Instability*, https://health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/housing-instability.

[6] Md. Code, Courts and § 11-504(f)(1)(i)(2); Real Property § 8-203(d)(3)(ii).

[7] Md. Code, Health § 19-214.2.

Other states that protect against liens for medical debt do not limit the definition of medical debt in this way. New York, which prohibits all property liens based on medical debt, defines medical debt as an obligation to pay for the receipt of healthcare services, products, or devices provided by a hospital, medical professional, or ambulance service.[8] New Mexico, which prohibits collection actions including liens against indigent patients for medical debt, defines medical debt as a debt arising from the receipt of health care services.[9] In both instances, medical debt is based on the receipt of healthcare services and treatment. It does not bar certain types of care from being defined under "medical debt," as is seen in this bill by prohibiting all cosmetic treatments.

In this case, the language in the bill at proposed §14-203.1(A)(2)(II) could be removed and still meet the intended goal of the bill. Alternatively, defining cosmetic surgery to allow for medically necessary plastic surgery to be protected as medical debt under the bill could fulfill a similar purpose.

While "medically necessary" is likewise not defined in the bill or Maryland statute, it still provides a guideline for the scope of protection. If this language is used alone—rather than describing what medical debt is not—the law will be able to stay relevant with advancements in medical care and changing accepted standards of care. It would allow for physician evaluation of what is and is not medically necessary, rather than the legislature.

III. Conclusion

Overall, the effect of this bill is important to protect individuals against actions that could threaten their housing as a result of unexpected medical debt. However, we want to ensure that all medically necessary treatments that are under the generally accepted standard of care and for a clear medical purpose are covered under this bill. If enacted the bill should protect all Marylanders against unforeseen medical debt and the financial hardship of a lien being placed on their primary residence, even if the medical debt stems from medically necessary cosmetic procedures. For these reasons we request a favorable with amendments report on Senate Bill 630.

This testimony is submitted on behalf of the Public Health Law Clinic at the University of Maryland Carey School of Law and not by the School of Law, the University of Maryland, Baltimore, or the University of Maryland System.

[8] NY CPLR § 5201; NY Pub. Health Law § 4925.
[9] NM Code § 57-32-2 and 4.

SB630_MedDebtDefinition_LOI.pdf
Uploaded by: Jake Whitaker
Position: INFO

Maryland
Hospital Association

February 16, 2024

To: The Honorable William C. Smith Jr., Chair, Senate Judicial Proceedings Committee

Re: Letter of Information - Senate Bill 630 - Real Property - Contract Liens - Medical Debt

Dear Chair Smith:

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment on Senate Bill 630. Maryland hospitals have only one core mission: to provide the best patient care possible. Hospitals believe every person should receive the care they need without financial worry or hardship. They care for every person who comes through their doors—regardless of ability to pay—and make every effort to inform patients about available financial assistance, including free or reduced-cost care. That includes helping patients enroll in Medicaid or other insurance options and to set up reasonable payment options when needed. Over the past four legislative sessions, the General Assembly strengthened Maryland's already robust requirements around financial assistance and billing.

Hospitals do not place liens on a patient's primary residence to collect debt owed on a hospital bill. We appreciate the sponsor's recognition that a patient may incur medical debt from a variety of care settings. However, there is already a definition for "medical debt" in Maryland statutes at Health – General, § 19-214.1.[1] While that definition is limited to medical debt from hospitals, we suggest that any future definitions on medical debt use the structure of the existing language. Particularly, we are concerned the proposed definition of "medical debt" in SB 630 does not address instances where the patient's provider believes the services are medically necessary, but the patient's insurer denies coverage.

For more information, please contact:
Jake Whitaker, Director, Government Affairs
Jwhitaker@mhaonline.org

[1] Health – General, § 19-214.1(a)(3) defines "medical debt" as "out-of-pocket expenses, excluding co-payments, coinsurance, and deductibles, for medical costs billed by a hospital."