



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB 349 - Medical Debt – Complaints for Money Judgment and Real Property Liens

Chair Pena-Melnyk, Vice Chair Cullison, Members of HGO:

SB 349 would prevent liens being placed on Marylanders' primary residence due to medical debt. Medical debt means debt incurred due to medication, procedure, or service. This bill builds on the important work the Maryland General Assembly has done in protecting Marylanders from harmful debt collection practices.

In 2021, the Senate unanimously passed legislation that prohibits hospitals from placing a lien on a person's home for unpaid bills. That important legislation covered a little over half of people's medical debt. SB 349 would ensure people's homes are covered from *all* sources of medical debt. Just under half of all medical debt - 44% - comes from non-hospital sources. These include private practices, dental care, and long-term medical care.

I know you are all aware of the impact of medical debt in our country and our state. Approximately 20% of Americans struggle with medical debt. In Maryland, thanks to the steps this body has taken, that number is 14%, although it increases to 23% for African Americans. People are often more afraid of the debt than the medical condition itself.

In conducting research for this bill, I was astonished to find that the number one cause of bankruptcies is medical debt. And one of the top reasons that homes go into foreclosure is medical debt. I also learned that under Maryland law, when a money judgment is entered, a lien is automatically placed on any property owned by that debtor in the jurisdiction where the judgment is entered.

The Consumer Finance Protection Bureau recently announced that it is using its rulemaking authority to remove medical debt from credit reports. Like this bill, the rule is a recognition that medical debt - usually the result of a medical emergency - should not be an impediment to credit access. This bill would not only protect Marylanders from the loss of their home through foreclosure but would also protect their ability to access the equity in their home which is for many people, their primary asset.

For these reasons, I ask for a favorable report on SB 349.