

SENATE BILL 1006

J3

EMERGENCY BILL

4lr2897
CF 4lr2900

By: **Senator Hayes**

Introduced and read first time: February 2, 2024

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 29, 2024

CHAPTER _____

1 AN ACT concerning

2 **Hospitals – Medical Debt Collection – Sale of Patient Debt**

3 FOR the purpose of authorizing a hospital, under certain circumstances, to sell the medical
4 debt of patients if the debt is sold to a governmental unit or an entity under contract
5 with the unit for the purpose of canceling the debt; requiring that a hospital's
6 financial policy require the hospital to dismiss actions pending against a patient for
7 the collection of debt that was sold and prohibit the hospital from engaging in
8 specified collection activities on patient debt that was sold; requiring a purchaser of
9 medical debt to notify the patient of certain information and to take certain other
10 actions; and generally relating to hospital debt collection policies and the sale of
11 patient debt.

12 BY repealing and reenacting, with amendments,

13 Article – Health – General

14 Section 19–214.2(a), (b), (f), (m), and (n) and 19–219(a)(3)

15 Annotated Code of Maryland

16 (2023 Replacement Volume)

17 BY adding to

18 Article – Health – General

19 Section 19–214.2(m)

20 Annotated Code of Maryland

21 (2023 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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; AND

19 **4. FOR HOSPITAL DEBTS OWED BY PATIENTS OF THE**
20 **HOSPITAL THAT THE HOSPITAL SOLD TO A GOVERNMENTAL UNIT OR CONTRACTOR**
21 **UNDER SUBSECTION (M) OF THIS SECTION:**

22 **A. THE TOTAL DOLLAR AMOUNT OF THE DEBT SOLD BY**
23 **THE HOSPITAL FOR THE REPORTING YEAR;**

24 **B. THE TOTAL DOLLAR AMOUNT PAID TO THE HOSPITAL**
25 **BY THE UNIT OR CONTRACTOR WHO PURCHASED THE DEBT; AND**

26 **C. THE TOTAL NUMBER OF PATIENTS WHOSE DEBT WAS**
27 **SOLD, IN FULL OR IN PART, TO THE UNIT OR CONTRACTOR WHO PURCHASED THE**
28 **DEBT.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (5) If a hospital has reported adverse information about a patient to a
32 consumer reporting agency, the hospital shall instruct the consumer reporting agency to
33 delete the adverse information about the patient:

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

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

6 (M) (1) (I) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A
 7 HOSPITAL MAY SELL DEBT OWED TO THE HOSPITAL BY A PATIENT FOR HOSPITAL
 8 SERVICES TO A GOVERNMENTAL UNIT OR AN ENTITY THAT IS UNDER CONTRACT
 9 WITH THE UNIT FOR THE SOLE PURPOSE OF CANCELING THE DEBT.

10 (II) THE CONTRACT BETWEEN THE HOSPITAL AND THE
 11 GOVERNMENTAL UNIT OR CONTRACTOR PURCHASING THE DEBT UNDER THIS
 12 SUBSECTION SHALL:

13 ~~1. STATE STATE~~ THAT THE SOLE PURPOSE OF THE SALE
 14 OF THE DEBT IS TO CANCEL THE DEBT; ~~AND~~

15 ~~2. INCLUDE A WRITTEN AGREEMENT FROM THE~~
 16 ~~PATIENT ALLOWING THE DEBT TO BE SOLD.~~

17 (III) THE PATIENT IS NOT RESPONSIBLE TO THE HOSPITAL, THE
 18 GOVERNMENTAL UNIT, OR THE CONTRACTOR FOR ANY AMOUNT OF THE DEBT THAT
 19 IS SOLD UNDER THIS SUBSECTION OR ANY INTEREST, FEES, OR COSTS ASSOCIATED
 20 WITH THE DEBT OR THE SALE.

21 (2) DEBT SOLD UNDER THIS SUBSECTION:

22 (I) MUST BE FOR HOSPITAL SERVICES PROVIDED AT LEAST 2
 23 YEARS BEFORE THE DATE OF THE SALE;

24 (II) ~~MAY NOT BE SUBJECT TO CURRENT LIENS OR LEGAL~~
 25 ~~PROCESSES;~~

26 ~~(III)~~ MAY NOT BE EXPECTED TO YIELD ADDITIONAL
 27 REIMBURSEMENTS FROM A THIRD-PARTY PAYER;

28 ~~(IV)~~ (III) MAY NOT BE SUBJECT TO AN OPEN APPEAL WITH AN
 29 INSURANCE COMPANY; AND

30 ~~(V)~~ (IV) MUST BE FOR AN INDIVIDUAL WHOSE FAMILY INCOME
 31 IS AT OR BELOW ~~400%~~ 500% OF THE FEDERAL POVERTY LEVEL OR WHO HAS
 32 MEDICAL DEBT EXCEEDING 5% OF THE INDIVIDUAL'S FAMILY INCOME, AS

1 DETERMINED BY THE GOVERNMENTAL UNIT OR CONTRACTOR PURCHASING THE
2 DEBT.

3 (3) DEBT SOLD UNDER THIS SUBSECTION MAY BE SOLD WITH A
4 ~~DISCOUNT~~ REDUCTION OF COMMISSION CHARGES.

5 (4) THE COMMISSION SHALL TREAT THE AMOUNT OF PAYMENTS TO
6 HOSPITALS UNDER THIS SUBSECTION AS AN OFFSET TO UNCOMPENSATED CARE
7 AMOUNTS REPORTED BY HOSPITALS.

8 (5) THE PURCHASER OF THE DEBT SHALL:

9 (I) NOTIFY THE PATIENT THAT THE DEBT HAS BEEN
10 CANCELED; AND

11 (II) IF THE HOSPITAL OBTAINED A JUDGMENT AGAINST THE
12 PATIENT OR REPORTED ADVERSE INFORMATION TO A CONSUMER REPORTING
13 AGENCY ABOUT THE PATIENT, SEEK TO VACATE THE JUDGMENT OR STRIKE THE
14 ADVERSE INFORMATION.

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

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

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

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

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

25 19-219.

26 (a) The Commission may review the costs, and rates, quality, and efficiency of
27 facility services, and make any investigation that the Commission considers necessary to
28 assure each purchaser of health care facility services that:

29 (3) [The] EXCEPT AS PROVIDED IN § 19-214.2(M) OF THIS SUBTITLE,
30 THE rates are set equitably among all purchasers or classes of purchasers without undue
31 discrimination or preference.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
2 measure, is necessary for the immediate preservation of the public health or safety, has
3 been passed by a yea and nay vote supported by three-fifths of all the members elected to
4 each of the two Houses of the General Assembly, and shall take effect from the date it is
5 enacted. It shall remain effective through December 31, 2026, and, at the end of December
6 31, 2026, this Act, with no further action required by the General Assembly, shall be
7 abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.