

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 630

(Senator Kelly)

Judicial Proceedings

Real Property - Contract Liens - Medical Debt

This bill prohibits the creation of a lien on owner-occupied residential property by contract or as the result of a breach of contract for the payment of medical debt. “Medical debt” means debt incurred due to a medication, procedure, service, or treatment that a medical professional determines to be medically necessary. However, it does not include (1) cosmetic procedures or services or (2) a medication, procedure, service, or treatment that a medical professional has *not* determined to be medically necessary.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law:

Maryland Contract Lien Act

Generally, under the Maryland Contract Lien Act, a party seeking to create a lien as a result of a breach of contract must give written notice, within 2 years of the breach, to the person whose property is subject to the lien. Within 30 days after service of the notice, the person served may file a complaint in circuit court to determine whether probable cause exists to

establish a lien. If the court orders a lien or the property owner fails to file a complaint, the party seeking to create a lien may file a statement of lien in the land records. With specified exceptions, a lien may be enforced and foreclosed by the lien holder in the same manner, and subject to the same requirements, as the foreclosure of mortgages or deeds of trust on property containing a power of sale or an assent to a decree. An action to foreclose a lien must be brought within 12 years following recordation of the lien statement.

Medical Debt Collection

Statute includes various requirements related to hospital debt collection policies that prohibit a hospital from taking certain actions when collecting a debt. For example, a hospital is prohibiting from, among other actions (1) forcing the sale or foreclosure of a patient's primary residence to collect a debt owed on a hospital bill or (2) requesting a lien against a patient's primary residence in an action to collect debt owed on a hospital bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 673 (Delegate Embry, *et al.*) - Health and Government Operations.

Information Source(s): Maryland Association of County Health Officers; Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of Health; Department of Legislative Services

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