

HOUSE BILL 765

J3
SB 1006/24 – FIN

~~EMERGENCY BILL~~

5lr0749

By: ~~Delegate Ivey~~ Delegates Ivey, Spiegel, Pena-Melnyk, Cullison, Alston, Bagnall, Bhandari, Guzzone, Hill, S. Johnson, Kaiser, Kerr, Lopez, Martinez, Rosenberg, Taveras, White Holland, Woods, Woorman, and Ross

Introduced and read first time: January 29, 2025
Assigned to: Health and Government Operations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 1, 2025

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 or to a nonprofit organization for the purpose of canceling the debt;
6 requiring that a hospital's financial policy require the hospital to dismiss actions
7 pending against a patient for the collection of debt that was sold and prohibit the
8 hospital from engaging in specified collection activities on patient debt that was sold;
9 requiring a purchaser of medical debt to notify the patient of certain information and
10 to take certain other actions; and generally relating to hospital debt collection
11 policies and the sale of 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 and 2024 Supplement)

17 BY adding to
18 Article – Health – General
19 Section 19–214.2(m)
20 Annotated Code of Maryland
21 (2023 Replacement Volume and 2024 Supplement)

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 OR NONPROFIT ORGANIZATION 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, OR NONPROFIT ORGANIZATION WHO PURCHASED
26 THE DEBT; AND**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (11) Prohibit the hospital from collecting additional fees in an amount that
32 exceeds the approved charge for the hospital service as established by the Commission for

1 which the medical debt is owed on a bill for a patient who is eligible for free or
2 reduced-cost care under the hospital's financial assistance policy;

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

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

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

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

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

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

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

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

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

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

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

1 (5) If a hospital has reported adverse information about a patient to a
2 consumer reporting agency, the hospital shall instruct the consumer reporting agency to
3 delete the adverse information about the patient:

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

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

9 (M) (1) (I) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A
10 HOSPITAL MAY SELL DEBT OWED TO THE HOSPITAL BY A PATIENT FOR HOSPITAL
11 SERVICES TO A GOVERNMENTAL UNIT OR AN ENTITY THAT IS UNDER CONTRACT
12 WITH THE UNIT OR TO A NONPROFIT ORGANIZATION THAT IS EXEMPT FROM
13 TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE FOR THE SOLE
14 PURPOSE OF CANCELING THE DEBT.

15 (II) THE CONTRACT BETWEEN THE HOSPITAL AND THE
16 GOVERNMENTAL UNIT ~~OR~~, CONTRACTOR, OR NONPROFIT ORGANIZATION
17 PURCHASING THE DEBT UNDER THIS SUBSECTION SHALL STATE THAT THE SOLE
18 PURPOSE OF THE SALE OF THE DEBT IS TO CANCEL THE DEBT.

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

23 (2) DEBT SOLD UNDER THIS SUBSECTION:

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

26 (II) MAY NOT BE EXPECTED TO YIELD ADDITIONAL
27 REIMBURSEMENTS FROM A THIRD-PARTY PAYOR;

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

30 (IV) MUST BE FOR AN INDIVIDUAL WHOSE FAMILY INCOME IS AT
31 OR BELOW 500% OF THE FEDERAL POVERTY LEVEL OR WHO HAS MEDICAL DEBT
32 EXCEEDING 5% OF THE INDIVIDUAL'S FAMILY INCOME, AS DETERMINED BY THE
33 GOVERNMENTAL UNIT ~~OR~~, CONTRACTOR, OR NONPROFIT ORGANIZATION
34 PURCHASING THE DEBT.

1 **(3) DEBT SOLD UNDER THIS SUBSECTION MAY BE SOLD WITH A**
2 **REDUCTION OF COMMISSION CHARGES.**

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

6 **(5) THE PURCHASER OF THE DEBT SHALL:**

7 **(I) NOTIFY THE PATIENT THAT THE DEBT HAS BEEN**
8 **CANCELED; AND**

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

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

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

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

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

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

23 19-219.

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

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

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act ~~is an emergency~~
31 ~~measure, is necessary for the immediate preservation of the public health or safety, has~~
32 ~~been passed by a ye and nay vote supported by three fifths of all the members elected to~~
33 ~~each of the two Houses of the General Assembly, and shall take effect from the date it is~~

1 ~~enacted July 1, 2025. It shall remain effective through December 31, 2027, and, at the end~~
2 ~~of December 31, 2027~~ for a period of 3 years and, at the end of June 30, 2028, this Act, with
3 no further action required by the General Assembly, shall be abrogated and of no further
4 force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.