

HOUSE BILL 1020

I3, J3

(5lr2315)

ENROLLED BILL
— *Economic Matters/Finance* —

Introduced by **Delegate Palakovich Carr**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Consumer Protection – Credit Reporting – Medical Debt**
3 **(Fair Medical Debt Reporting Act)**

4 FOR the purpose of prohibiting a consumer reporting agency from including certain
5 medical debt information in a consumer report; prohibiting a person from using
6 medical debt information included in a consumer report when making a
7 creditworthiness determination; prohibiting certain entities from disclosing medical
8 debt to a consumer reporting agency; requiring certain entities to include a certain
9 provision in contracts entered into with a collection entity regarding medical debt
10 and establishing a contract that does not contain the provision is void and
11 unenforceable; and generally relating to credit reporting and medical debt.

12 BY adding to
13 Article – Commercial Law
14 Section 14–1213

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.

Italics indicate opposite chamber/conference committee amendments.



1 Annotated Code of Maryland
2 (2013 Replacement Volume and 2024 Supplement)

3 BY repealing and reenacting, without amendments,
4 Article – Health – General
5 Section 19–214.2(a)(1) and (e)(1)
6 Annotated Code of Maryland
7 (2023 Replacement Volume and 2024 Supplement)

8 BY repealing and reenacting, with amendments,
9 Article – Health – General
10 Section ~~19–214.2(f)~~ 19–214.2(b), (e)(4), and (f)
11 Annotated Code of Maryland
12 (2023 Replacement Volume and 2024 Supplement)

13 BY adding to
14 Article – Health – General
15 Section 24–2501 and 24–2502 be under the new subtitle “Subtitle 25. Medical Debt
16 Reporting”
17 Annotated Code of Maryland
18 (2023 Replacement Volume and 2024 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
20 That the Laws of Maryland read as follows:

21 **Article – Commercial Law**

22 **14–1213.**

23 **(A) (1) IN THIS SECTION, “MEDICAL DEBT” MEANS AN OBLIGATION OF A**
24 **~~CONSUMER TO PAY ANY AMOUNT RELATED TO THE RECEIPT OF HEALTH CARE~~**
25 **~~SERVICES, PRODUCTS, DEVICES, DURABLE MEDICAL EQUIPMENT, OR~~**
26 **~~PRESCRIPTION DRUGS PROVIDED TO A PERSON BY:~~**

27 **~~(I) A HEALTH CARE FACILITY AS DEFINED IN § 19–114 OF THE~~**
28 **~~HEALTH – GENERAL ARTICLE;~~**

29 **~~(II) A HEALTH CARE PRACTITIONER AS DEFINED IN § 19–114 OF~~**
30 **~~THE HEALTH – GENERAL ARTICLE; OR~~**

31 **~~(III) AN AMBULANCE SERVICE AS DEFINED IN § 13–515 OF THE~~**
32 **~~EDUCATION ARTICLE DEBT OWED BY A CONSUMER TO:~~**

33 **(I) A PERSON WHOSE PRIMARY BUSINESS IS PROVIDING**
34 **MEDICAL SERVICES, PRODUCTS, OR DEVICES; OR**

1 **(II) THE PERSON'S AGENT OR ASSIGNEE FOR THE PROVISION OF**
2 **MEDICAL SERVICES, PRODUCTS, OR DEVICES.**

3 **(2) "MEDICAL DEBT" INCLUDES MEDICAL BILLS THAT:**

4 **(I) ARE NOT PAST DUE; OR**

5 **(II) HAVE ALREADY BEEN PAID.**

6 **(3) "MEDICAL DEBT" DOES NOT INCLUDE DEBT CHARGED TO A**
7 **CREDIT CARD UNLESS THE CREDIT CARD IS ISSUED UNDER AN ~~OPEN ENDED OR A~~**
8 **~~CLOSE ENDED~~ OPEN-END OR ~~CLOSE-END~~ CLOSED-END CREDIT PLAN OFFERED**
9 **SPECIFICALLY SOLELY FOR THE PAYMENT OF HEALTH CARE SERVICES, ~~PRODUCTS,~~**
10 **OR DEVICES, DURABLE MEDICAL EQUIPMENT, OR PRESCRIPTION DRUGS.**

11 **(B) (1) A CONSUMER REPORTING AGENCY MAY NOT:**

12 **(I) MAKE, CREATE, OR FURNISH ANY CONSUMER REPORT**
13 **CONTAINING, INCORPORATING, OR REFLECTING:**

14 **1. ANY ADVERSE INFORMATION THAT THE CONSUMER**
15 **REPORTING AGENCY KNOWS OR SHOULD KNOW RELATES TO MEDICAL DEBT**
16 **INCURRED BY THE CONSUMER; OR**

17 **2. ANY COLLECTION ACTION AGAINST A CONSUMER TO**
18 **COLLECT MEDICAL DEBT; OR**

19 **(II) MAINTAIN IN A FILE ON A CONSUMER ANY INFORMATION**
20 **RELATING TO:**

21 **1. MEDICAL DEBT INCURRED BY THE CONSUMER; OR**

22 **2. ANY COLLECTION ACTION AGAINST THE CONSUMER**
23 **TO COLLECT MEDICAL DEBT.**

24 **(2) THE PROHIBITIONS ESTABLISHED UNDER PARAGRAPH (1) OF**
25 **THIS SUBSECTION APPLY REGARDLESS OF WHEN MEDICAL DEBT WAS INCURRED BY**
26 **A CONSUMER.**

27 **(C) A PERSON MAY NOT USE MEDICAL DEBT INFORMATION INCLUDED IN A**
28 **CONSUMER REPORT TO MAKE A DETERMINATION REGARDING THE**
29 **CREDITWORTHINESS OF THE CONSUMER.**

1 19-214.2.

2 (a) (1) Each hospital annually shall submit to the Commission:

3 (i) At times prescribed by the Commission, the hospital's policy on
4 the collection of debts owed by patients; and

5 (ii) A report including:

6 1. The total number of patients by race or ethnicity, gender,
7 and zip code of residence against whom the hospital, or a debt collector used by the hospital,
8 filed an action to collect a debt owed on a hospital bill;

9 2. The total number of patients by race or ethnicity, gender,
10 and zip code of residence with respect to whom the hospital has and has not reported or
11 classified a bad debt; and

12 3. The total dollar amount of the charges for hospital services
13 provided to patients but not collected by the hospital for patients covered by insurance,
14 including the out-of-pocket costs for patients covered by insurance, and patients without
15 insurance.

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

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

19 (2) Prohibit the hospital from selling any debt;

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

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

24 (5) Prohibit the hospital from [reporting]:

25 (I) **REPORTING ADVERSE INFORMATION** to a consumer reporting
26 **agency; or [filing]**

27 (II) **FILING** a civil action to collect a debt within 180 days after the
28 **initial bill is provided;**

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

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

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

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

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

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

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

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

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

23 **(12) COMPLY WITH ~~§ 24-2505~~ § 24-2502 OF THIS ARTICLE.**

24 (e) (1) Subject to paragraph (2) of this subsection, a hospital shall provide in
25 writing to each patient who incurs medical debt information about the availability of an
26 installment payment plan for the debt.

27 (4) (i) A patient shall be deemed to be compliant with a payment plan
28 if the patient makes at least 11 scheduled monthly payments within a 12-month period.

29 (ii) If a patient misses a scheduled monthly payment, the patient
30 shall contact the health care facility and identify a plan to make up the missed payment
31 within 1 year after the date of the missed payment.

32 (iii) The health care facility may, but may not be required to, waive
33 any additional missed payments that occur within a 12-month period and allow the patient

1 to continue to participate in the income-based payment plan and not refer the outstanding
 2 balance owed ~~to a collection agency or~~ for legal action.

3 (f) (1) **A HOSPITAL SHALL COMPLY WITH § 24-2502 OF THIS ARTICLE.**

4 (2) For at least 180 days after issuing an initial patient bill, a hospital may
 5 NOT ~~not report adverse information about a patient to a consumer reporting agency or~~
 6 commence civil action against a patient for nonpayment.

7 [(2)] (3) A hospital shall report the fulfillment of a patient's payment
 8 obligation within 60 days after the obligation is fulfilled to any consumer reporting agency
 9 to which the hospital had reported adverse information about the patient.

10 [(3)] (4) ~~A hospital may not report adverse information to a consumer~~
 11 ~~reporting agency regarding a patient who at the time of service was uninsured or eligible~~
 12 ~~for free or reduced-cost care under § 19-214.1 of this subtitle.~~

13 [(4)] (5) A hospital may not ~~report adverse information about a patient to~~
 14 ~~a consumer reporting agency,~~ commence a civil action against a patient for nonpayment, or
 15 delegate collection activity to a debt collector:

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

19 (ii) If the hospital has completed a requested reconsideration of the
 20 denial of free or reduced-cost care that was appropriately completed by the patient within
 21 the immediately preceding 60 days.

22 [(5)] (6) ~~If a hospital has~~ **BY NOVEMBER 1, 2025, A HOSPITAL THAT**
 23 **HAD** reported adverse information about a patient to a consumer reporting agency, ~~the~~
 24 ~~hospital~~ shall instruct the consumer reporting agency to delete the adverse information
 25 about the patient:

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

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

31 **SUBTITLE 25. MEDICAL DEBT REPORTING.**

32 **24-2501.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 ~~(B) "AMBULANCE SERVICE" HAS THE MEANING STATED IN § 13-515 OF THE~~
4 ~~EDUCATION ARTICLE.~~

5 ~~(C)~~ (B) "COLLECTION ENTITY" MEANS ANY INDIVIDUAL, PARTNERSHIP,
6 CORPORATION, TRUST, ESTATE, COOPERATIVE, ASSOCIATION, GOVERNMENT OR
7 GOVERNMENT SUBDIVISION, AGENCY, OR OTHER ENTITY THAT PURCHASES
8 MEDICAL DEBT OR COLLECTS MEDICAL DEBT ON BEHALF OF ANOTHER.

9 ~~(D) "HEALTH CARE FACILITY" HAS THE MEANING STATED IN § 19-114 OF~~
10 ~~THIS ARTICLE.~~

11 ~~(E) "HEALTH CARE PRACTITIONER" HAS THE MEANING STATED IN § 19-114~~
12 ~~OF THIS ARTICLE.~~

13 ~~(F)~~ (C) "MEDICAL DEBT" HAS THE MEANING STATED IN § 14-1213 OF THE
14 COMMERCIAL LAW ARTICLE.

15 24-2502.

16 (A) ~~A HEALTH CARE FACILITY, A HEALTH CARE PRACTITIONER, OR AN~~
17 ~~AMBULANCE SERVICE~~ A PERSON WHOSE PRIMARY BUSINESS IS PROVIDING
18 MEDICAL SERVICES, PRODUCTS, OR DEVICES, OR THE PERSON'S AGENT OR
19 ASSIGNEE:

20 (1) MAY NOT DISCLOSE ANY PORTION OF A MEDICAL DEBT TO A
21 CONSUMER REPORTING AGENCY; AND

22 (2) SHALL INCLUDE IN ANY CONTRACT ENTERED INTO WITH A
23 COLLECTION ENTITY FOR THE PURCHASE OR COLLECTION OF MEDICAL DEBT A
24 PROVISION PROHIBITING THE DISCLOSURE OF ANY PORTION OF THE MEDICAL DEBT
25 TO A CONSUMER REPORTING AGENCY.

26 (B) A CONTRACT ENTERED INTO ON OR AFTER OCTOBER 1, 2025, THAT
27 DOES NOT INCLUDE THE PROVISION REQUIRED UNDER SUBSECTION (A)(2) OF THIS
28 SECTION IS VOID AND UNENFORCEABLE.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2025.