SENATE BILL 614

I3, J3 5lr2316
CF HB 1020

By: **Senator Lam**
Introduced and read first time: January 24, 2025
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 18, 2025

CHAPTER _____

AN ACT concerning

Consumer Protection – Credit Reporting – Medical Debt
(Fair Medical Debt Reporting Act)

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

BY adding to
Article – Commercial Law
Section 14–1213
Annotated Code of Maryland
(2013 Replacement Volume and 2024 Supplement)

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

BY repealing and reenacting, with amendments,

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.

Article – Health – General
Section ~~19–214.2(f)~~ 19–214.2(b) and (f)
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

BY adding to
Article – Health – General
Section 24–2501 and 24–2502 be under the new subtitle "Subtitle 25. Medical Debt Reporting"
Annotated Code of Maryland
(2023 Replacement Volume and 2024 Supplement)

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

Article – Commercial Law

14–1213.

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

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

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

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

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

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

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

(I) ARE NOT PAST DUE; OR

(II) HAVE ALREADY BEEN PAID.

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

(B) (1) A CONSUMER REPORTING AGENCY MAY NOT ~~INCLUDE IN A CONSUMER REPORT A CONSUMER'S PAID MEDICAL DEBT OR A MEDICAL DEBT OF LESS THAN $500 REGARDLESS OF THE DATE THE MEDICAL DEBT WAS INCURRED~~:

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

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

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

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

1. MEDICAL DEBT INCURRED BY THE CONSUMER; OR

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

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

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

Article – Health – General

19–214.2.

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

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

(ii) A report including:

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

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

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

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

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

(2) Prohibit the hospital from selling any debt;

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

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

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

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

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

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

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

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

(9) If the hospital has obtained a judgment against or reported adverse information to a consumer reporting agency about a patient who later was found to be

eligible for free care within 240 days after the initial bill was provided for which the judgment was awarded or the adverse information was reported, require the hospital to seek to vacate the judgment or strike the adverse information;

(10) Provide a mechanism for a patient to:

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

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

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

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

(12) COMPLY WITH § 24–2502 OF THIS ARTICLE.

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

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

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

(iii) The health care facility may, but may not be required to, waive any additional missed payments that occur within a 12–month period and allow the patient to continue to participate in the income–based payment plan and not refer the outstanding balance owed to a collection agency or for legal action.

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

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

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

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

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

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

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

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

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

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

SUBTITLE 25. MEDICAL DEBT REPORTING.

24–2501.

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

~~**(B) "AMBULANCE SERVICE" HAS THE MEANING STATED IN § 13–515 OF THE EDUCATION ARTICLE.**~~

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

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

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

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

24–2502.

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

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

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

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

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

Approved:

_____

Governor.

_____

President of the Senate.

_____

Speaker of the House of Delegates.