

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 614

Finance

(Senator Lam)

Rules and Executive Nominations

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

This bill prohibits (1) a consumer reporting agency from including certain information related to medical debt in a consumer report and (2) a person from using medical debt information included in a consumer report to make a determination regarding creditworthiness. The bill also prohibits a person (or the person's agent or assignee) whose primary business is providing medical services, products, or devices from disclosing any portion of a medical debt to a consumer reporting agency. Any such person must also 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. A contract entered into on or after the bill's effective date that does not include such a provision is void and unenforceable. The bill also makes generally conforming changes to statutory provisions governing hospital debt collection policies and requires, by November 1, 2025, hospitals that had reported adverse credit information about a patient to a consumer reporting agency to instruct the agency to delete the adverse information about the patient.

Fiscal Summary

State Effect: The bill does not directly affect governmental operations or finances.

Local Effect: The bill does not directly affect governmental operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Medical debt” means debt owed by a consumer to (1) a person whose primary business is providing medical services, products, or devices or (2) the person’s agent or assignee for the provision of medical services, products, or devices. “Medical debt” includes medical bills that (1) are not past due or (2) have already been paid. However, it does *not* include debt charged to a credit card – unless the credit card is issued under an open-end or a closed-end credit plan offered solely for the payment of health care services.

Under the bill, a consumer reporting agency may not:

- 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
- 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.

The reporting prohibitions apply regardless of when medical debt was incurred by a consumer.

Current Law:

Consumer Reports and Consumer Reporting Agencies

A “consumer report” is any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, which is used or expected to be used or collected (in whole or in part) for the purpose of serving as a factor in establishing a consumer’s eligibility for (1) credit or insurance to be used primarily for personal, family, or household purposes; (2) employment purposes; or (3) other specified purposes, as authorized by State law.

A “consumer reporting agency” is any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages (in whole or in part) in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of commerce for the purpose of preparing or furnishing the reports.

Hospital Debt Collection

Each hospital must annually submit to the Health Services Cost Review Commission (HSCRC) the hospital's debt collection policy and a report including (1) the total number of patients by race or ethnicity, gender, and zip code 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 with respect to whom the hospital has and has not reported or classified as 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.

Each hospital's debt collection policy, among other things, must:

- provide for active oversight by the hospital of any contract for collection of debts on behalf of the hospital;
- prohibit the hospital from selling any debt;
- prohibit the charging of interest on bills incurred by self-pay patients, as specified;
- describe the hospital's procedures for collecting a debt;
- provide a mechanism for a patient to file with the hospital a complaint against the hospital or a debt collector used by the hospital; and
- prohibit the hospital from collecting additional fees in an amount that exceeds the approved charge for the hospital service as established by HSCRC 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.

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. A hospital must 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.

A hospital must demonstrate that it attempted, in good faith, to offer a patient a payment plan that complies with HSCRC guidelines before the hospital files an action to collect a debt owed by a patient or delegates collection activity to a debt collector. A hospital is not prohibited from using an eligibility vendor to provide outreach to a patient for purposes of assisting the patient in qualifying for financial assistance. A hospital may not report adverse information to a consumer reporting agency regarding a patient who was uninsured or eligible for free or reduced-cost care at the time of service.

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 if (1) the hospital was notified in accordance with federal law by the patient or an insurance carrier that an appeal or a review of a health insurance decision is pending within the immediately preceding 60 days or (2) 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. If adverse information about a patient has been reported to a consumer reporting agency, the hospital must instruct the agency to delete the information if one of these criteria is met. Also, 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, regardless of whether the hospital can document the lack of cooperation of the patient (or the guarantor of the patient) in providing information needed to determine the patient's obligation with regard to the hospital bill.

At least 45 days before filing an action against a patient to collect on the debt owed, a hospital must send the patient written notice of the intent to file an action. The notice required must (1) be sent to the patient by certified mail and first-class mail; (2) be in simplified language; (3) include specified contact and procedural information; and (4) be provided in the patient's preferred language or another language, as specified. The notice must be accompanied by (1) an application for financial assistance under the hospital's financial assistance policy and instructions for completing the application; (2) the availability of a payment plan to satisfy the medical debt; and (3) a specified information sheet.

A complaint by a hospital in an action to collect a debt must include (1) an affidavit with specified information; (2) a copy of the original and most recent hospital bill; (3) a statement of the amount due; (4) a copy of the notice of intent to file an action; and (5) a copy of the patient's signed certified mail acknowledgement of receipt of the written notice of intent to file an action, if received by the hospital.

If a hospital delegates collection activity to a debt collector, the hospital must require a debt collector to, along with the hospital, be jointly and severally responsible for meeting the hospital debt collection requirements.

Additional Information

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

Designated Cross File: HB 1020 (Delegate Palakovich Carr) - Economic Matters.

Information Source(s): Maryland Department of Health; Maryland Department of Labor; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

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