

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 428

(Delegate Embry, *et al.*)

Health and Government Operations

Judicial Proceedings

Medical Debt - Complaints for Money Judgment and Real Property Liens

This bill prohibits the creation of a lien on owner-occupied residential property by contract or as a result of a breach of contract for the payment of “medical debt.” If a lien is created in violation of the bill’s provisions, the court must remove the lien. The bill also requires for a complaint seeking a money judgment to indicate whether the judgment sought is for medical debt. Additionally, a complaint seeking a money judgement for medical debt must include the address of the primary residence of the defendant. The bill’s provisions only apply prospectively to complaints filed on or after the bill’s effective date.

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

Bill Summary: “Medical debt” means a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to the person’s agent or assignee, for the provision of the medical services, products, or devices. Medical debt does not include debt charged to a credit card unless the credit card is issued under an open-end or closed-end credit plan offered solely for the payment of health care services.

Current Law: 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.

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 prohibited 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 been introduced within the last three years. See SB 630 and HB 673 of 2024.

Designated Cross File: SB 349 (Senator Love) - Judicial Proceedings.

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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