Testimony to the House Health & Government Operations Committee
HB673 Real Property-Contact Liens-Medical Debt
Position: Favorable

February 14, 2024

The Honorable Joseline Pena-Melnyk, Chair
Health & Government Operations Committee
Room 241, HOB
Annapolis, MD 21401
cc: Members, Health & Government Operations Committee

Honorable Chair Pena-Melnyk and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in strong support of HB673 which builds on this committee's important work over the past few years of expanding health care access for working families and reducing medical debt. In 2021, this committee worked hard to pass the Medical Debt Protection Act (HB565) which among many other protections banned the ability of hospitals to place a lien on the home of a patient that should have qualified for free care.

HB673 builds on that work by eliminating the ability for health providers to place a lien on a patient's home to collect a debt.

Medical debt remains a problem in Maryland. In 2023, 14% of Maryland voters had a medical bill or medical debt that they or someone in their household is unable to pay. Medical debt hit Black-led households harder, with 23% of African-Americans polled having an unaffordable medical bill[1]. Families struggle with medical debt from a variety of sources including Maryland's nonprofit hospitals, outpatient services such as physical therapy, diagnostic tests, or rehabilitative treatments, as well as private practice doctors, dentists, and other health practitioners. Patients report that 44% of medical debt comes from an outpatient visit, 23% from a hospital stay, and 30% both outpatient visits and hospital stays[2].

Financial precarity and housing instability is on the rise. Despite recent gains, the purchasing power of wages continues to lag behind the rising costs of utilities, food, housing, and healthcare. U.C. Berkeley's Housing Precarity Risk Model ranks the Baltimore-Columbia-Towson MSA as the fifth most vulnerable nationally for displacement[3]. The model suggests 400,882 Maryland households live in neighborhoods at

[1] September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)
[2] September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)
[3] https://www.urbandisplacement.org/maps/housing-precarity-risk-model/

higher and highest risk for displacement and that these precarious communities are largely communities of color with Black and Latine owners & renters comprising a majority of households in the high and highest risk neighborhoods[4].

Aggressive Debt Collection Actions
When families fall behind on medical debt, hospitals and doctors pursue aggressive collection actions. One aggressive collection tactic is to place a lien against an individual's home.

In Maryland, nonprofit hospitals placed 4,432 liens placed on families homes over a nine year period, Montgomery County and Talbot County being the most aggressive in placing liens. Some private doctors' practices and diagnostic services also place a lien against a home as a collection tactic. One Baltimore County dental practice has placed liens against 93 patients for amounts as low as $180.

Consequences of a Lien on a Home

A lien makes it difficult for a homeowner to secure credit, obtain refinancing for their home, or take out a line of credit. It also shows up on their credit report (depending on the amount of the debt) which can harm their access to additional credit, creating a snowball effect.

Limiting the ability of homeowners to tap into home equity because of an illness has several unfortunate consequences. First, it may reduce the ability of the health provider to get paid if the homeowner planned to use those funds to pay the balance owed. Secondly, because the majority of medical debt lawsuits are concentrated in low income communities of color — which continue to experience lower home values, lower appraisals, and more difficulties in obtaining home loans — limiting the ability of a homeowner to refinance has the effect of widening the racial wealth gap and exacerbating existing inequalities.

What HB673 Does
HB673 would prohibit a lien on a primary residence for medical debt. Eleven states and territories already ban liens for medical debt. It is narrowly drafted to limit this to primary residences and medically necessary procedures.

It will eliminate an aggressive collection practice that harms low-income patients and disproportionately impacts Black and Brown households.

HB673 simply says a home is off limits as a tool for debt collection for medical debt.

For all these reasons we support HB673 and urge a favorable report.

Best,

Marceline White
Executive Director

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[4] https://www.urbandisplacement.org/maps/housing-precarity-risk-model/

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