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Education, Energy, and  
Environment Committee

Chair, Joint Committee on  
Cybersecurity, Information Technology  
and Biotechnology



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**THE SENATE OF MARYLAND**  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of SB 691 - Cybersecurity - Healthcare Ecosystem**

February 27, 2025

Chair Feldman, Vice-Chair Kagan, and Members of the Education, Energy, and the Environment Committee:

Thank you for your consideration of **SB 691 - Cybersecurity - Healthcare Ecosystem**, a critical piece of legislation aimed at protecting Maryland’s healthcare system from escalating cyber threats.

Cyberattacks on healthcare are a serious threat to public safety, with the FBI and DOJ labeling them as “threat to life” crimes. The National Security Council has identified healthcare as one of the top three sectors that urgently need stronger cybersecurity.<sup>1</sup> Cybercriminals, often backed by hostile nations, target hospitals knowing that any disruption can put lives at risk.

Healthcare is a prime target due to its valuable data and urgency of ransom payments. Hacking-related breaches have surged 256% in five years, and in 2023, the FBI identified healthcare as the most targeted critical sector for ransomware. Maryland alone has seen 84 major breaches since 2010, affecting over 3.5 million residents in 2023 alone.<sup>2</sup>

Cyberattacks are not just IT issues—they disrupt patient care. A recent Ponemon study found:<sup>3</sup>

- 92% of healthcare organizations faced cyberattacks last year.
- 28% reported increased patient mortality.
- 59% saw delays in procedures, leading to poor health outcomes.
- 46% had to transfer or divert patients.

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<sup>1</sup> The White House. (2024). *Fact sheet: National Cybersecurity Strategy Implementation Plan Version 2*. National Security Council. Retrieved from

<https://bidenwhitehouse.archives.gov/oncd/briefing-room/2024/05/07/fact-sheet-ncsip-version-2/>

<sup>2</sup> From Chris Hart (2024). *Review of National and State-Level Data Relating to Cyber Incidents and Cybersecurity at Healthcare Organizations*. Research supported by the Center for Health and Homeland Security at the University of Maryland, Baltimore.

<sup>3</sup> Ponemon Institute. (2024). *2024 Ponemon Healthcare Cybersecurity Report*. Proofpoint. Retrieved from <https://www.proofpoint.com/us/resources/threat-reports/ponemon-healthcare-cybersecurity-report>

Cyberattacks are taking a severe toll on hospitals' finances, with 94% reporting financial losses and 60% losing over \$1 million per day.<sup>4</sup> The 2024 Change Healthcare attack underscores the financial strain caused by these cyber disruptions. A significant 82% of hospitals are experiencing major cash flow issues, making it increasingly difficult to keep operations running and pay for essential services. At the same time, 67% of hospitals are struggling to switch clearinghouses, adding another layer of complexity to restoring billing and reimbursement processes. To make matters worse, 20% of hospitals are still uncertain about the full extent of the financial damage, leaving them in a vulnerable position as they continue to deal with the disruptions.

SB 691 follows the approach established in HB 969 (2023), which provided cybersecurity standards for utilities. It requires:

- MDEM, MIA, and MHCC to enforce stronger cybersecurity standards and adopt a zero-trust model.
- Biennial third-party audits starting in 2026, with findings reported to the State CISO.
- A healthcare cybersecurity workgroup to improve resilience, define essential functions, and coordinate incident response.
- Real-time cyber incident reporting to enhance state situational awareness.

We repeatedly attempted to work with the Maryland Hospital Association (MHA) over the interim to discuss this bill and a path forward, but engagement was minimal and responses were delayed. Legislative action is necessary to ensure cybersecurity in healthcare across the ecosystem is proactively addressed and prioritized.

I urge this committee to take decisive action to protect Maryland's healthcare infrastructure by implementing the safeguards outlined in this bill. **Cybersecurity in healthcare is not optional—it is a matter of life and death.**

**For these reasons, I respectfully request a favorable report on SB 691.**

Sincerely,



Senator Katie Fry Hester  
Howard and Montgomery Counties

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<sup>4</sup> American Hospital Association. (2024). *AHA survey: Change Healthcare cyberattack having significant disruptions to patient care, hospitals' finances*. Retrieved from <https://www.aha.org/news/news/2024-03-15-aha-survey-change-healthcare-cyberattack-having-significant-disruptions-patient-care-hospitals-finances>