

# Protect Families and Family Homes from Aggressive Medical Debt Collection

**No one should lose a home because they or a loved one became ill. Yet, under current Maryland law, working families across Maryland can have a lien placed on their home because of medical debt.**



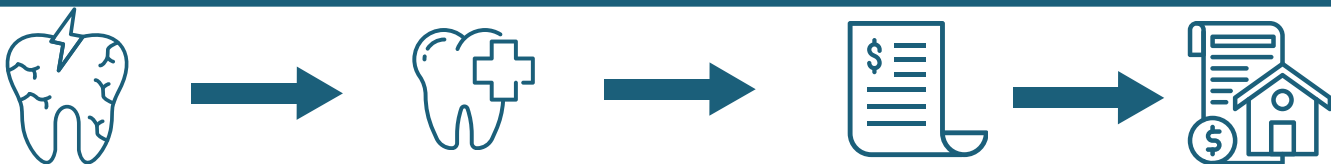
14% of Maryland voters have medical debt or have a family member with medical debt

## Structural Issue - Medical Debt

In 2023, 14% of Maryland voters had a medical bill or medical debt that they or someone in their household is unable to pay.<sup>1</sup> Medical debt hit Black-led households harder, with 23% of African-Americans polled having an unaffordable medical bill.<sup>2</sup>

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.<sup>3</sup>

Hospitals are one source of medical debt, while outpatient services and private practice represent other sources. Dental care is a source of medical debt for many Maryland families. In 2019, the average cost for an emergency room dental visit was \$728, an increase from \$468 in 2013.



## The Problem—Aggressive Collection Tactics

Some private doctors' and dentists' practices and diagnostic services will pursue extraordinary collection actions. Actions include placing a lien against a home as a collection tactic as well as garnishing wages. One Baltimore County dental practice has placed liens against 93 patients for amounts as low as \$180.

A lien appears on banking records making it very difficult for a homeowner to secure credit, such as a home equity loan to fix burst pipes in the winter, and hampers their ability to sell or refinance their home. Homeowners refinance monthly payment, obtain lower interest rates, or access home equity. 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,<sup>4</sup> limiting the ability of a homeowner to refinance has the effect of widening the racial wealth gap and exacerbating existing inequalities.

## The Problem—Automatic Liens on Homes

In 2021, the General Assembly passed HB565/SB514 which prohibited a lien on a home of a patient that qualified for free care from a nonprofit hospital. Unfortunately, this aspect of the law faced implementation challenges because Baltimore City as well as several counties automatically placed a lien on an individual's home for all consumer debt judgments. This meant that hospitals were unable to comply with this section of HB565/SB514.

## The Solution—HB428/SB349

HB428/SB349 protects patients' homes in two simple ways by:

- removing the ability to collect outpatient medical debt by placing a lien on a home. Someone's home, their equity, should not be at risk because they or a loved one fell ill. This legislation builds on the passage of HB565/SB514 in 2021 which prohibited a lien on a home for a patient that qualified for free and discounted care and expands this prohibition to include other health care providers.
- establishing a process to remove medical debt from automatic home lien procedures

Eleven states and territories prohibit liens on primary residences including: Arkansas, Florida, Iowa, Kansas, New York, Oklahoma, South Dakota, Texas, Washington D.C. and Puerto Rico<sup>5</sup>. Three other states prohibit the filing of liens against the homes of people who are ill or have disabilities (Louisiana, Ohio, and Virginia).

## Narrowly Drawn

The bill is limited to medically necessary procedures, devices, and services so that it doesn't cover elective treatments. It is limited to a patient's primary residence so wealthy patients could still have a lien placed on their vacation homes as well as have their wages and bank accounts garnished. However, our data shows that the vast majority of people being sued for medical bills are disproportionately low-income and people of color. This bill seeks to protect patients' homes. Destabilizing a patient's housing and finances ensures that they will be less likely to pay off a judgment in the future.



**No one should lose their  
home due to medical debt.  
Support HB428/SB349**



<sup>5</sup> Arkansas Ark. Const. art. 4); Washington DC (D.C. Code § 15-501(a)(14)), Florida (Fla. Stat. Ann. §§222.01, 222.02, & Fla. Const. Art. X §4); Iowa (Iowa Cn Maryland's Hode Ann. § 561.156); Kansas (Kan. Stat. Ann. §60-2301); Maryland (Md Health Code §19-214.1); Oklahoma (31 Okla. St. Ann §2); Puerto Rico (PR Home Protection Act No. 195); South Dakota (S.D. Cod. Laws §43-45-3); and Texas (Tex Const. Art XVI, §§50, 51 & Tex Prop. Code §§41.001-.002).