



**Testimony to the Senate Judicial Proceedings Committee  
SB349 Real Property-Contact Liens-Medical Debt  
Position: Favorable**

January 29, 2025

The Honorable Senator William Smith, Chair  
Senate Judicial Proceedings Committee  
2 East, Miller Senate Office Building  
Annapolis, Maryland 21401  
cc: Members, Judicial Proceedings Committee

Honorable Chair Smith 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 SB349 which builds on the General Assembly's important work over the past few years of expanding health care access for working families and reducing medical debt. In 2021, the General Assembly passed the Medical Debt Protection Act (SB514) which among many other protections banned the ability of hospitals to place a lien on the home of a patient to collect a hospital debt<sup>1</sup>.

SB349 builds on that work by eliminating the ability for private 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<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

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<sup>1</sup> MD Code, Health-Gen. Section 19-214.2 - Debt collection policy

<sup>2</sup> September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

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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>.

**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<sup>4</sup>. The model suggests 400,882 Maryland households live in neighborhoods at 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<sup>5</sup>.

### **Aggressive Debt Collection Actions**

When families fall behind on medical debt, doctors, dentists, and health service providers often pursue aggressive collection actions. One aggressive collection tactic is to place a lien against an individual’s home.

### **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.

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.

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<sup>3</sup> September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

<sup>4</sup> <https://www.urbandisplacement.org/maps/housing-precariety-risk-model/>

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The Solution:

SB329 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

#### **What SB349 Does**

SB349 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.

SB349 simply says a home is off limits as a tool for debt collection for medical debt.

For all these reasons we support SB349 and urge a favorable report.

Best,

Marceline White  
Executive Director

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