SB 349 - final.pdf
Uploaded by: Anthony Davis
Position: FAV

Testimony in Support of Senate Bill 349
Medical Debt – Complaints for Money Judgment and Real Property Liens
Judicial Proceedings Committee
Hearing Date: January 29, 2025
Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 349 in response to a request from Senator Sara Love.

Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents, including abused and neglected children, nursing home residents, and veterans. With 12 offices serving residents in each of Maryland's 24 jurisdictions, MLA handles civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law, and criminal record expungements. MLA supports SB 349.

MLA has significant experience with the effect of medical debt, consumer debt collection, foreclosures, and bankruptcies. SB 349 expands protections against medical debt for consumers and prevents a judgment lien on owner-occupied residential property as the result of a contract or breach of contract for the payment of medical debt.

The Problem and Its Impact

Medical debt disproportionately affects low-income Marylanders, creating a cycle of financial distress that undermines stability and perpetuates inequality. National studies reveal that medical debt is the leading cause of bankruptcy in the United States[1].In Maryland, nearly 20% of residents reported having unpaid medical bills, with the burden falling disproportionately on minority and low-income households[2]. Without adequate protections, many Marylanders face the devastating consequences of liens on their homes due to unpaid medical bills—an issue that SB 349 directly addresses.

Foreclosure is another severe hardship affecting Marylanders and a leading cause of bankruptcy, as well. In the most recent DHCD publication on Property Foreclosure Events,

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[1] *See* Business Insider, "Medical bankruptcy: What it is, what it means, and why it's so common in the United States", https://www.businessinsider.com/personal-finance/credit-score/medical-bankruptcies#:~:text=Medical%20debt%20is%20the%20leading,before%20taking%20out%20medical%20loans.

[2] *See* Maryland Matters, "**Medical debt can lead to a compounding troubles for low-income Marylanders, particularly for Black families", https://marylandmatters.org/2023/07/25/medical-debt-can-lead-to-a-compounding-troubles-for-low-income-marylanders-particularly-for-black-families/.**

Maryland's foreclosure rate is the 4th highest in the nation behind NJ, NV, and SC[3]. Maryland actually "improved" to 4th after posting one of the largest quarterly declines of foreclosure activity in the nation[4]. Despite this "improvement", our state average foreclosure rate of 12.8% is significantly higher than the national average of 7.6%. A distressed homeowner in mortgage default and facing foreclosure is often battling other debt collections actions, as well, and medical debt is a top cause[5].[Source?].

At Maryland Legal Aid, we witness the harsh realities of medical debt on a daily basis. One anonymous client, a single mother from Baltimore, faced insurmountable medical debt after her child required emergency surgery. Despite her best efforts to manage payments, a lien was placed on her home after she was sued and a judgment entered, preventing her from refinancing her mortgage to cover essential living expenses. This unnecessary financial obstacle caused cascading hardships, including threats to her housing stability.

Another client, a self-employed plumber from Annapolis, suffered a severe injury that required extensive medical treatment. Although he had basic health insurance, the coverage was insufficient, leaving him with substantial out-of-pocket expenses. Unable to keep up with the mounting medical bills, he was sued, and a lien was placed on his home, jeopardizing his business and personal life. This situation forced him to consider selling his home to settle the debt, highlighting the dire need for legislative intervention.

How SB 349 Addresses the Issues

SB 349 prevents medical creditors from creating judgment liens on owner-occupied residential properties. This provision ensures that families can maintain their homes without the additional burden of losing equity or facing foreclosure due to medical expenses. Furthermore, by requiring complaints for money judgments to explicitly identify medical debt and the defendant's primary residence, the proposed legislation promotes transparency and accountability in debt collection processes.

It is the goal of MLA to prevent foreclosure, preserve homeownership and reduce the economic burdens of systemic poverty. Oftentimes, representing a client in financial distress is an exercise in peeling back many layers of accumulated problems – insufficient income, loss of employment, delinquent taxes, collections, utility shutoffs – all these issues impacting the security and stability for individuals, families, children, and those who want to age-in-place. SB 349

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[3] Property Foreclosure Events. https://dhcd.maryland.gov/Documents/ForeclosureRpts/ForeclosureMD-23Q3.pdf
[4] Id
[5] *See* CNBC, "This is the real reason most Americans file for bankruptcy", https://www.cnbc.com/2019/02/11/this-is-the-real-reason-most-americans-file-for-bankruptcy.html?__source=sharebar|email&par=sharebar.

prevents creating an additional layer of problems – it prevents a lien against the person's home as the result of unpaid medical debt. While it may be believed that judgment liens for medical debt are rare, judgments entered in the District Court of Maryland for Baltimore City are, as a matter of law pursuant to Md. Rule 3-621, automatically placed against any property that the Defendant has in Baltimore City. In other counties, the matter must be brought in the circuit court land records for a judgment lien to attach.

Supporting Data

According to a 2024 study by the Johns Hopkins Bloomberg School of Public Health, households with medical debt are three times more likely to experience housing instability than those without such debt. Moreover, medical debt accounts for approximately 58% of all debt collection actions in Maryland, disproportionately impacting communities of color and individuals in rural areas. SB 349 aligns with these findings by targeting a significant driver of financial distress and improving equity across the state.

By prohibiting liens on primary residences for medical debt, SB 349 protects Maryland families from financial burden and safeguards housing stability. Maryland Legal Aid strongly supports this bill as a necessary step toward promoting economic justice and health equity for all Marylanders.

SB 349 expands current Maryland law that prohibits hospitals from placing liens on patients' homes due to outstanding medical debt[6]. SB 349 applies to all outstanding medical debt arising from medically necessary services. In doing so, SB 349 gives homeowners some relief from encumbrances that block available financial solutions to housing related issues. Because this bill provides expanded protections against medical debt for consumers and prevents liens against owner-occupied residential real property, MLA urges a favorable report on SB 349.

For these reasons, Maryland Legal Aid requests a favorable report on SB 349.

Respectfully Submitted,

Anthony Davis
Advocacy Director for Consumer Law
Maryland Legal Aid, Inc.
500 E. Lexington Street

[6] Medical Debt Protection Act of 2021 also prohibits hospitals from garnishing the wages of patients who qualify for free or reduced-cost medical care; check a patient's eligibility for financial assistance before filing a lawsuit; required to refund patients if they are deemed eligible for financial assistance within 240 days of billing.

MARYLAND LEGAL AID
DIGNITY, EQUITY & JUSTICE FOR ALL

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SB 349_PJC_Favorable_JPR.pdf
Uploaded by: Ashley Woolard
Position: FAV

Ashley Woolard, Staff Attorney
Public Justice Center
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SB 349
Medical Debt – Complaints for Money Judgement and Real Property Liens
Hearing of the Senate Judicial Proceedings Committee
January 29, 2025
11:00 AM

FAVORABLE

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Health and Benefits Equity Project advocates to protect and expand access to healthcare and safety net services for Marylanders struggling to make ends meet. We support policies and practices that are designed to eliminate economic and racial inequities and enable every Marylander to attain their highest level of health. The **PJC strongly supports SB 349**, which prohibits the practice of placing a lien on someone's home for a medical debt owed to private health providers. This issue is a priority for PJC as many of our low-income clients who have chronic illnesses experience significant challenges in affording unexpected medical bills and maintaining their housing stability.

Medical debt collection has a disproportionate impact on low-income patients and communities of color. Medical debt collection places the financial security and housing stability of patients and their families at risk. By taking money that comes into the household away from paying for basic needs, such as food, housing, medication and utilities, medical debt keeps low-income patients in a cycle of poverty that can be impossible to break.

SB 349 would eliminate the harmful practice of private health providers placing liens on Marylander's homes to recover medical debt. Individuals with liens on their record struggle to secure credit and refinance their homes, preventing them from attaining financial security. For low-income families, not being able to secure a home loan or losing their home due to medical debt prevents intergenerational wealth transfer. SB 349 recognizes that housing stability, a social determinant of health, should not be placed in jeopardy simply because a patient sought and received necessary medical care.

For these reasons, the Public Justice Center urges the committee to issue a **FAVORABLE** report for **SB 349.** Thank you for your consideration of our testimony. If you have any questions about this testimony, please contact Ashley Woolard at 410-625-9409 x 224 or woolarda@publicjustice.org.

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

SB0349_Medical_Debt_Real_Property_Leins_MLC_FAV.pd
Uploaded by: Cecilia Plante
Position: FAV

MARYLAND LEGISLATIVE COALITION

TESTIMONY FOR SB0349
Medical Debt – Complaints for Money Judgment and Real Property Leins

Bill Sponsor: Senator Love
Committee: Judicial Proceedings
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Cecilia Plante, co-chair
Position: FAVORABLE

I am submitting this testimony in favor of SB0349 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

Medical debt is soaring in our state, and it has become so prevalent that 14% of Maryland residents in 2023 had a medical bill or medical debt that they or someone in their household was unable to pay. There have been many efforts in recent years by the legislature to try to ensure that lives are not ruined over medical debt, but since 2023 the problem has only grown.

This bill attacks one of the more insidious, and aggressive methods that hospitals, doctors, and other health professionals use to try to collect – they put a lien on the family's home. What that does is to create a snowball effect where the homeowner can't secure credit, obtain refinancing, or take out a line of credit. In other words, the lien does nothing but harm.

If enacted, SB0349 would prohibit a lien on a primary residence for medical debt. It is narrowly drafted to limit the prohibition to a primary residence and a debt related to medically necessary procedures.

We support this bill and recommend a **FAVORABLE** report in committee

testimony2025sb349.pdf
Uploaded by: Franz Schneiderman
Position: FAV

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the Senate Judicial Proceedings Committee
SB 349 — Medical Debt – Complaints for Money Judgment and Real Property Liens
Position: Favorable

The Honorable Will Smith
Judicial Proceedings Committee
2 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Judicial Proceedings Committee

Jan. 29, 2025

Dear Chairman Smith and Committee Members,

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers.

We strongly support **SB 349** because it would prevent thousands of Maryland families from living under the threat that they could lose their homes or face other serious financial problems as a result of home liens caused by medical debts.

As a result of the high cost of medical care, medical debt has become shockingly common -- and not just among low-income or uninsured Americans. Recent estimates find that U.S. consumers owe at least $195 billion in medical debt.[1] An extensive Kaiser Family Foundation (KFF) survey published in 2022 found that 41% of U.S. adults had medical debt and 24% reported being unable to pay that debt. One in seven adults said they had been denied care by another medical provider because of outstanding medical debt. [2]

Those without a college degree or with lower incomes were more likely to have such debts – but 31% of college graduates and 26% of those with incomes over $90K also reported medical debts, as did 44% of adults under 65 who have health insurance (and 62% of those without it). The debts are concentrated among people of color, with 56% of African-American and 50% of Hispanic adults reporting medical debts; about one in four black adults reported that they doubt they'll ever be able to pay off those debts.[3]

Unlike other financial liabilities, medical debt is a burden no one wants or chooses to take on voluntarily. Indeed 72% of those with such debts told KFF they were prompted by a single unfortunate medical issue or a short-term problem. [4] And with the cost of even a few days in the hospital now likely to be well in excess of $10,000 – and much greater bills sure to come if you or a family member develops a truly serious health problem -- a single illness can easily leave even a middle-income or more prosperous family with decent health insurance unable to pay all of their medical bills.

[1] https://www.marylandmatters.org/2022/08/29/new-safeguards-in-maryland-and-other-states-may-help-those-who-are-drowning-in-medical-debt/
[2] https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/
[3] Ibid.
[4] Ibid.

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

No one should lose their home as a result of an illness or a short-term medical problem. Yet between 2009 and 2018 more than 4,440 Marylanders had liens put on their homes as a result of medical debts. [5] And when a lien is placed on someone's home it not only raises the real risk of foreclosure for the outstanding debt but makes it much harder to make use of the equity they have worked to build–to help finance home repairs or renovations or pay for a college education or to refinance the home or for other projects critical to a family's financial future.

This committee and the Maryland legislature did act to protect many Marylanders against home liens (and other unfair medical debt collection practices) in 2021, when Maryland barred hospitals from putting liens on the homes of those eligible for free or reduced-cost car under the landmark Medical Debt Prevention Act. But the cost of care has grown so high that many families now accrue serious medical debt not just from hospitals but from the offices of orthodontists, dentists. obstetricians, and other health care providers. And it isn't just those who qualify for reduced-cost care who now are frequently burdened by medical debts; many middle-class and more prosperous homeowners also face the threat of liens on their homes from medical debts they can't pay on time.

That's why we now need to extend protection against medical liens on our homes to all Marylanders and for all types of medical debt. **SB 349** would do that by mandating clearly that "A Lien on Owner-Occupied Residential Property May Not be Created by Contract or as a result of a breach of contract for the payment of medical debt." (Section 14-203.1(B))

This language would not prevent liens on vacation or second homes or investment properties – so it would NOT enable high-income people to avoid attachments on a lucrative portfolio of properties while failing to pay their bills. But it would prevent Marylanders from losing their homes or access to home equity because of burdensome medical expenses that are very often beyond our control.

We support SB 349 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

[5] https://www.baltometro.org/sites/default/files/bmc_documents/committee/presentations/housing/HOUSING210805pres_medical-debt-protection-act.pdf

SB349 Amendment

Uploaded by: Gretchen Zekiel

Position: FAV

HB0428/703727/1

AMENDMENTS PREPARED BY THE DEPT. OF LEGISLATIVE SERVICES

28 JAN 25
09:29:19

BY: Delegate Embry
(To be offered in the Health and Government Operations Committee)

AMENDMENT TO HOUSE BILL 428
(First Reading File Bill)

On page 3, in line 21, after the comma insert "**MEDICAL DEVICE, MEDICAL PRODUCT,**".

CLS Support for SB0349 - Medical Debt Liens.pdf
Uploaded by: Lisa Sarro
Position: FAV

COMMUNITY LEGAL SERVICES
ACCESS TO JUSTICE FOR ALL

SB0349 Medical Debt – Complaints for Money Judgment and Real Property Liens
Judicial Proceedings Committee Hearing, January 29, 2025

Position: FAVORABLE

To the Honorable Members of the Judicial Proceedings Committee:

Community Legal Services strongly supports SB0349. No one should lose their home simply because they sought necessary medical treatment. This legislation would ensure that individuals and families do not face homelessness or further financial ruin as a result of needing essential medical care and is necessary to safeguard the financial stability and housing security of Maryland families, particularly those with limited financial resources who have already experienced serious medical issues.

Community Legal Services (CLS) is a nonprofit organization that provides free legal services in a broad range of substantive areas to individuals and families who meet income-eligibility restrictions. Our organization is committed to the promotion of family and community stability and success by providing high quality legal representation for individuals and families who otherwise would not have access to justice and due process.

Medical debt is a significant burden for countless Marylanders. In our practice, we have seen the devastating effects flowing from lingering medical debt which arises not from poor financial choices, but rather from the often-unexpected costs of necessary medical care. The protection provided by this bill is particularly vital for vulnerable populations such as seniors, individuals with disabilities, and low-income families, who are disproportionately affected by medical debt. For many of these vulnerable populations, the high cost of healthcare leaves them with no choice but to incur debt to preserve their health or even save their lives, to preserve the health or lives of their children. Tragically, for some, this debt can lead to the loss of their most valuable asset - their home. By protecting owner-occupied homes from loss due to medical debt, this legislation will not only preserve housing stability for families with a member recovering from health problems, but it will also preserve intergenerational wealth for Maryland residents by protecting the most valuable asset most individual are able to pass on to their heirs.

This bill is a compassionate and necessary measure to protect Marylanders from the devastating consequences of medical debt. **Community Legal Services urges this committee to submit a favorable report on SB0349.**

Please feel free to reach out to Jessica Quincosa, Executive Director, and Lisa Sarro, Director of Litigation & Advocacy, with any questions at quincosa@clspgc.org and sarro@clspgc.org, respectively.

1.27 SB 349- Medical Debt - Complaints for Money J

Uploaded by: Lonia Muckle

Position: FAV

SB 349 - Medical Debt - Complaints for Money Judgment and Real Property Liens
Senate Judicial Proceedings Committee
January 29, 2025
SUPPORT

Chair Smith, Vice-Chair and members of the committee thank you for the opportunity to submit testimony in support of Senate Bill 349. This bill will protect Marylander's from having a lien placed on their home due to medical debt.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than $10,000 annually. More than half earn less than $20,000.**

In 2021, the General Assembly enacted the Medical Debt Protection Act (SB 514), which introduced critical safeguards, including prohibiting hospitals from placing liens on patients' homes to collect medical debt. SB 349 extends these protections by preventing private healthcare providers from placing liens on patients' homes to recover unpaid medical bills.

Medical debt is different from other types of debt because of the nature of medical emergencies and the absolute necessity to address adverse health conditions. When an individual's home is threatened or lost due to a home lien, they face a variety of challenges that drastically impact their ability to provide for themselves and their family. When medical emergencies lead to financial hardships, it can take years for individuals or families to regain stability. During this time, children are negatively affected, housing becomes unstable, and jobs are either more difficult to obtain or are harder to keep. It makes it more difficult for people to pay their debts, because they will have to refocus their finances on more immediate needs. This practice puts people into a cycle of debt that leads to bankruptcy, homelessness, and has an overall devastating financial impact that can take years to overcome.

SB 349 addresses this issue by prohibiting liens on primary residences for medical debt. This ensures protection for primary residences and applies exclusively to medically necessary procedures. Liens make it harder for homeowners to secure credit, refinance their homes, or access home equity through lines of credit. Liens may also appear on credit reports, depending on the debt amount, further exacerbating financial instability by restricting access to additional credit and resources.

Thus, we encourage you to return a favorable report for SB 349.

575 S. CHARLES STREET SUITE 500 BALTIMORE, MD 21201 TEL: 443-692-9487 FAX: 410-234-8929 CASHMD.ORG

25-SEIU-SB349FAVtestimony.pdf
Uploaded by: Lynetta Coooper
Position: FAV

Testimony on SB 349

(MGA 2025)

Medical Debt - Complaints for Money Judgment and Real Property Liens

Position: **FAV**

January 29, 2025

To Chair Love and Judicial Proceedings Committee Members:

My name is Ricarra Jones, and I am the Political Director with 1199SEIU United Healthcare Workers East. We are the largest healthcare workers union in the nation, with 10,000 members in Maryland and Washington, DC.

1199SEIU members know firsthand that "Housing is Healthcare."

1199SEIU urges a **favorable** report on SB 349 which will end the practice of home liens over medical debt. In 2021, the General Assembly passed the Medical Debt Protection Act to prohibit liens on the homes of hospital patients who qualify for free healthcare. This legislation affirmed that patients should not be punished with home liens for seeking medically necessary healthcare.

SB 349 is an opportunity to apply this value more broadly and improve public health overall. We are experiencing a critical short staffing crisis in healthcare, and Maryland has the longest Emergency Department wait times in the entire country. One of many ways to mitigate this crisis is to ensure that fewer individuals are hospitalized and forced to seek frequent medical care due to preventable illnesses, such as those caused by housing insecurity. Housing stability directly correlates with better physical and mental health outcomes. Improved health outcomes can decrease healthcare costs for patients in the long run and can lower hospitalizations, reducing unbalanced worker to patient ratios and bolstering quality of care for everyone.

No one should lose their home over the high cost of healthcare. SB 349 will go a long way to ensure that medical debt does not mean that consumers have to encounter further hardship in housing, education, and financial stability.

We support SB 349 and urge a favorable report.

Respectfully,

Ricarra Jones
Political Director
1199SEIU UHW E
ricarra.jones@1199.org

EconAction SB349 FAV (1).pdf
Uploaded by: Marceline White
Position: FAV

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[1].

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[2]. 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

[1] MD Code, Health-Gen. Section 19-214.2 - Debt collection policy
[2] September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

report that 44% of medical debt comes from an outpatient visit, 23% from a hospital stay, and 30% both outpatient visits and hospital stays[3].

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[4]. 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[5].

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.

[3] September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition)

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

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

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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info@econaction.org · www.econaction.org
Tax ID 52-2266235

HB428SB349 Fact Sheet .pdf
Uploaded by: Marceline White
Position: FAV

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.

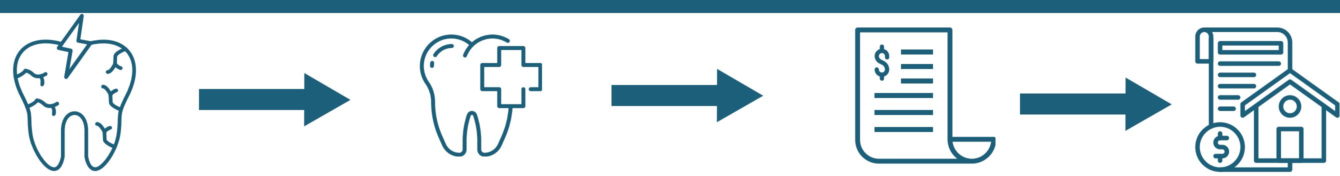
14% of Maryland voters have medical debt or have a family member with medical debt

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.[1] Medical debt hit Black-led households harder, with 23% of African-Americans polled having an unaffordable medical bill. [2]

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.[3]

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,[4] limiting the ability of a homeowner to refinance has the effect of widening the racial wealth gap and exacerbating existing inequalities.

1 September 2023 Gonzales Poll Commissioned by Economic Action Maryland (then Maryland Consumer Rights Coalition) 2 ibid, 3 ibid 4 Examining Racial Disparities in Maryland's Housing Market DHCD December 2022

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:

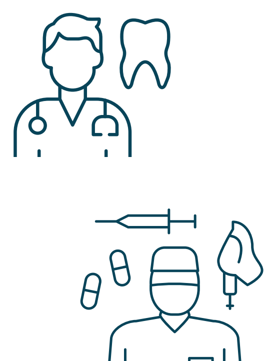
- removing the ability to collect outpatient medical debt by placing a lien on a home. Someone’s home, their equity, should not be at risk because they or a loved one fell ill. This legislation builds on the passage of HB565/SB514 in 2021 which prohibited a lien on a home for a patient that qualified 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[5]. 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



5 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).

CASA_FAV_SB349.docx.pdf
Uploaded by: Ninfa Amador
Position: FAV

Testimony in SUPPORT of SB349

Senate Judicial Proceedings Committee

SB349 Medical Debt-Complaints for Money Judgement and Real Property Liens

January 29, 2025

Honorable Chair Smith and Members of the Committee:

CASA strongly supports Senate Bill 349 -Medical Debt-Complaints for Money Judgement and Real Property Liens. CASA is a national powerhouse organization building power and improving the quality of life in working-class: Black, Latino/a/e, Afro-descendent, Indigenous, and Immigrant communities.

With a membership of over 173,000 members, CASA creates change with its power-building model blending human services, community organizing, and advocacy to serve the full spectrum of the needs, dreams, and aspirations of members. For nearly forty years, CASA has employed grassroots community organizing to bring our communities closer together and fight for justice, while simultaneously providing much-needed healthcare services services, helping to ensure that low-income immigrants can live rich and full lives.

SB 349 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[1].

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.

Data from the Center on Health Insurance Reforms shows that "approximately 6%, or 358,900 Maryland residents are uninsured (2022 data). Maryland has the 18th lowest uninsured rate in the country. Among the non-elderly, people of color are significantly more likely to be uninsured in Maryland than White people. Hispanic Marylanders had the highest uninsured rates (24.4%), followed by Black and Asian/Pacific Islander residents (5.4% each). White Marylanders had the lowest uninsured rate at 3.4%. Lack of insurance is also highly correlated with income."[2]

[1] MD Code, Health-Gen. Section 19-214.2 - Debt collection policy
[2] Maryland

This data demonstrates the disparities and inequalities in accessing health coverage Marylanders of color face and highlights the need for further policies that support uninsured residents who are most vulnerable to having enormous amounts of medical debt.[3]

CASA respectfully asks the committee for a favorable report of SB 349.

[3] Medical Debt Hits Hardest Among Low-Income Marylanders and People of Color | Consumers for Quality Care

Testimony in support of SB0349 - Medical Debt - Co
Uploaded by: Richard KAP Kaplowitz
Position: FAV

SB0349_RichardKaplowitz_FAV

01/29/2025

Richard Keith Kaplowitz
Frederick, MD 21703-7134

TESTIMONY ON SB#0349 - POSITION: FAVORABLE
Medical Debt - Complaints for Money Judgment and Real Property Liens

TO: Chair Smith, Vice Chair Waldstreicher, and members of the Judicial Proceedings Committee

FROM: Richard Keith Kaplowitz

My name is Richard Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of/ SB#/0349, Medical Debt - Complaints for Money Judgment and Real Property Liens

The risk of losing your home because of unpaid medical bills is, unfortunately, a real threat. According to the Kaiser Family Foundation, around 30 percent of adults with medical debt owe it entirely for hospital bills. The risk of home loss depends on various factors, including legal consequences and individual circumstances. [1]

In recognition of this problem this bill will provide protection for Marylanders at risk of losing their home because of medical debt. The bill establishes certain requirements for a complaint for a money judgment against a debtor resulting from medical debt. It will accomplish that by prohibiting 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; and applying the Act prospectively.

No one should lose their home while dealing with all the effects of ensuring their or their family's health in which accessing that health care lead to debt for which financial resources to pay it may be lacking. It stops predatory behavior by hospitals and doctors who use the legal system in unfair ways to obtain judgements detrimental to a person dealing with medically created debt.

I respectfully urge this committee to return a favorable report on SB0349.

[1] https://whlawoffices.com/blog/lose-your-house-for-medical-bills/

SB 349-Medical Debt Wttn Love.pdf

Uploaded by: Sara Love

Position: FAV

Sara N. Love
Legislative District 16
Montgomery County

Judicial Proceedings Committee

James Senate Office Building
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB 349 - Medical Debt – Complaints for Money Judgment and Real Property Liens

Chair Smith, Vice Chair Waldstreicher, Members of JPR:

SB 349 would prevent liens being placed on Marylanders' primary residence due to medical debt. Medical debt means debt incurred due to medication, procedure, or service. This bill builds on the important work the Maryland General Assembly has done in protecting Marylanders from harmful debt collection practices.

In 2021, the Senate unanimously passed legislation that prohibits hospitals from placing a lien on a person's home for unpaid bills. That important legislation covered a little over half of people's medical debt. SB 349 would ensure people's homes are covered from *all* sources of medical debt. Just under half of all medical debt - 44% - comes from non-hospital sources. These include private practices, dental care, and long-term medical care.

I know you are all aware of the impact of medical debt in our country and our state. Approximately 20% of Americans struggle with medical debt. In Maryland, thanks to the steps this body has taken, that number is 14%, although it increases to 23% for African Americans. People are often more afraid of the debt than the medical condition itself.

In conducting research for this bill, I was astonished to find that the number one cause of bankruptcies is medical debt. And one of the top reasons that homes go into foreclosure is medical debt. I also learned that under Maryland law, when a money judgment is entered, a lien is automatically placed on any property owned by that debtor in the jurisdiction where the judgment is entered.

The Consumer Finance Protection Bureau recently announced that it is using its rulemaking authority to remove medical debt from credit reports. Like this bill, the rule is a recognition that medical debt - usually the result of a medical emergency - should not be an impediment to credit access. This bill would not only protect Marylanders from the loss of their home through foreclosure but would also protect their ability to access the equity in their home which is for many people, their primary asset.

For these reasons, I ask for a favorable report on SB 349.

SB349 Medical Debt Liens LOS Final.pdf

Uploaded by: Irnise Williams

Position: FWA

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
HEALTH EDUCATION AND ADVOCACY UNIT

WILLIAM D. GRUHN
Division Chief

PETER V. BERNS
General Counsel

CHRISTIAN E. BARRERA
Chief Operating Officer

IRNISE F. WILLIAMS
Assistant Attorney General

ANTHONY G. BROWN
Attorney General

January 27, 2025

TO: The Honorable, William C. Smith, Jr., Chair
Judicial Proceedings Committee

FROM: Irnise F. Williams, Deputy Director, Health Education and Advocacy Unit

RE: Senate Bill 0349- Medical Debt - Complaints for Money Judgment and Real Property Liens- **SUPPORT with Sponsor Amendment**

The Health Education and Advocacy Unit (HEAU) writes in support of Senate Bill 0349 - with the sponsor's amendment of the definition of medical debt - which seeks to protect the primary residence of Marylanders from liens, seizure, or forced sale to satisfy medical debt.

No Marylander should be forced to liquidate their home to pay for health care. According to a poll published by the Kaiser Family Foundation in June 2022, more than 41% of adults in the U.S. (*more than 100 million adults*) have some form of medical debt; half of whom owed more than $10,000. What makes medical debt distinct from other types of debt is that it is often unavoidable, unplanned, and involuntary. The Kaiser poll also revealed that medical debt is borne most heavily by people who are low income, Black or Hispanic, and suffer from chronic illness. (Another reason for high medical debt included people who are uninsured, particularly in states that have not expanded Medicaid under the Affordable Care Act. Fortunately, Maryland is not among those states.) Even people with insurance can experience crushing medical debt due to high deductibles and out-of-pocket costs, care not covered by insurance, and unexpected bills due to carrier denials, a lack of cost transparency, or hidden costs.

Requiring Marylanders to relinquish their homes in satisfaction of medical debts they often have no control over does not, we believe, represent our state's values. Support of HB673 is consistent with the goals and priorities of the Office of the Attorney General to promote policies and initiatives that combat systemic inequities and protect the rights, responsibilities, and privileges of all Marylanders.

We urge this committee to join us in support of SB0349 and issue a favorable report.

MD ACA Oppose SB349 Letter.pdf
Uploaded by: Andy Madden
Position: UNF

ACA®
INTERNATIONAL
The Association of Credit
and Collection Professionals

January 27, 2025

Oppose Senate Bill 349
House Bill 428

On behalf of ACA International, the Association of Credit and Collection Professionals (ACA), I respectfully write this memo in opposition to House Bill 438 and Senate Bill 349. The legislation uses an overly broad definition of medical debt which would lead to unintended negative consequences for Maryland consumers and businesses well outside the scope of the legislation's intent.

ACA International was founded in 1939 and is the nation's largest trade association for the accounts receivable industry, representing approximately 1,700 members across the country. These members include credit grantors, third-party collection agencies, asset buyers, attorneys, and vendor affiliates in an industry that employs more than 125,000 worldwide.

The definition of medical debt in this bill should be amended to clarify that medical debt is debt owed directly to a health care facility or health care provider. If left unchanged, the legislation would cover purchases for goods or services not usually considered to be "medical debt" such as a bottle of aspirin charged to a credit card. It would also cover any open line of credit that is use partially to pay for a medical expense even if all other charges to the line of credit have absolutely nothing to do with any medical service or product.

We respectfully ask the legislature to consider a more clearly defined definition, which clarifies that medical debt is debt owed directly to a medical service provider. The text below would accomplish this request:

> *"Medical debt information means medical information that pertains to a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to such person's agent or assignee, for the provision of such medical services, products, or devices. Medical debt information includes but is not limited to medical bills that are not past due or that have been paid."*

The above definition would still provide consumers with the protections the legislation aims to accomplish while avoiding the unintended consequences of wrapping in all lines of credit and impacting all Maryland consumers and business.

Thank you for your consideration.

Sincerely,

Andrew Madden
VP Government & State Affairs

MD HB 428 & SB 349.pdf
Uploaded by: Franci Wayland
Position: UNF

January 24, 2025

Memorandum in Opposition MD HB 428/SB 349

On behalf of PRA Group, Inc. and its wholly-owned subsidiaries (collectively, "PRA"), I am writing to express our opposition to the medical debt legislation proposed in Maryland HB 428/SB 349 ("HB 428/SB 349"). While the rationale for the bill is understandable, as written, this bill will have an unintended negative impact to consumers.

PRA is a publicly-traded company that, through its subsidiaries, purchases portfolios of consumer receivables from major banks. PRA partners with individuals as they repay their obligations, working toward financial recovery. We work with consumers to resolve their obligations and typically offer a discount on the face value of the debt. In addition, we typically charge no interest or fees on debt we purchase domestically. PRA is also a willing participant to any action that combats unethical behavior that harms consumers and legitimate businesses.

<u>THE DEFINITION OF MEDICAL DEBT IS TOO BROAD</u>

We applaud this legislature's efforts to assist consumers undergoing difficult times due to expensive medical bills from hospitals and health care service providers. However, the definition of medical debt used in the bill is too broad and will create vast unintended consequences. Respectfully, the definition of medical debt must be amended to clarify that medical debt is debt owed directly to a health care facility or health care provider. Without this amendment, purchases for goods or services not traditionally considered to be "medical debt" such as a package of band aids or a bottle of Tylenol and charged to a credit card will be swept up into the bill's coverage.

PRA takes its compliance with all applicable state and federal laws very seriously. Without such an amendment, debt collectors like PRA would have no way of knowing that a garden-variety credit card issued by a major bank, charged-off and then sold to PRA would be considered "medical debt." Debt collectors such as PRA could unknowingly violate the provisions included in this legislation by simply going about their current business practices of collecting on debt that was not intended to be covered by this this bill.

<u>THE DEFINIITION OF MEDICAL DEBT SHOULD MIRROR THE DEFINTION UTILIZED BY THE CONSUMER FINANCIAL PROTECTON AGENCY IN ITS FINAL RULE ON MEDICAL DEBT</u>

To that end, PRA recommends that the legislature look to the Biden/Harris Administration for guidance on the issue of medical debt. The Consumer Financial Protection Agency ("CFPB") finalized its rule on medical debt on January 7, 2025. In the final rule, the CFPB adopted the following definition, which clarifies that medical debt is debt owed directly to a medical service provider:

> **"Medical debt information means medical information that pertains to a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to such person's agent or assignee, for the provision of such medical services,**

products, or devices. Medical debt information includes but is not limited to medical bills that are not past due or that have been paid."

The CFPB extensively studied the impact of medical debt on consumers and the definition represents the work product of an entire team of economists and attorneys who research proposed rules in advance of the proposals to ensure that they do not conflict with existing laws and regulations and do not disrupt the larger financial ecosystem. The CFPB's rulemaking process is further informed by public input, including field hearings, consumer and industry roundtables, advisory bodies, and in some cases, small business review panels. When proposing rules, the CFPB assesses the benefits and costs of the regulations they are considering for consumers and financial institutions.

The CFPB's proposed rule takes an academic, well researched approach to the issue of medical debt and more narrowly tailors the definition of medical debt to only <u>debts owed to a medical service provider – it does not include credit cards.</u> As such, it avoids the unintended consequences to consumers and the economy that the current definition used in MD HB 428/SB 349 presents.

PRA urges the adoption of the CFPB's definition, as it will still provide all of the protections for consumers faced with crippling medical debt intended by the bill's proponents, while avoiding unintended consequences that the legislation currently presents.

This issue is a priority for our industry and for our company and PRA stands ready to work with the sponsor in any way we can to create a better outcome.

Thank you very much for your attention in this important matter. Please feel free to contact me directly if we may be of assistance.

Best regards,

Elizabeth Kersey
Senior Vice-President, Communications and Public Policy
PRA Group, Inc.
150 Corporate Boulevard
Norfolk, VA 23502
Elizabeth.Kersey@PRAGroup.com
(757) 961-3525 (office)
(757) 641-0558 (mobile)

2025 - MDDCCBR - OPP TO SB349-HB428 - Medical Lien

Uploaded by: Scott Peters

Position: UNF

MARYLAND/DC
CREDITORS BAR ASSOCIATION, INC.

1/24/25

CONCERNS WITH SB349/HB428
MEDICAL DEBT –COMPLAINTS FOR MONEY JUDGMENT AND REAL PROPERTY LIENS

The Maryland/DC Creditors Bar Association is an organization comprised of 53 member law firms. Member law firms strive to ethically represent the interests of our clients.

The Maryland/DC Creditors Bar does not oppose the relief sought in SB349/HB428 which is to protect consumers from losing their residence as a result of a judgment lien stemming from a medical debt obligation. However, the definition of Medical Debt in SB349/HB428 is too broad and will encompass other presumably unintended credit products. Furthermore, judgment liens are automatic in Courts of Record.

THE DEFINITION OF MEDICAL DEBT IS TOO BROAD

SB349/HB428 defines Medical Debt as "debt incurred due to a medication, procedure, or service." The definition of medical debt in SB349/HB428 is too broad and will create confusion and uncertainty.[1] This definition of Medical Debt will include elective medical procedures and include any payments made to medical providers from any source such as credit cards, signature loans or home equity loans. The unintended consequence of the proposed definition of Medical Debt will place creditors in a precarious position. For example, creditor issues a credit card to consumer and consumer defaults with a balance of $5,000.00 owed and $2,000.00 of the total balance owed was paid to a hospital for a medical procedure. Creditor obtains a judgment for the $5,000.00 owed. Another example, a consumer takes out a home equity loan of $20,000.00 and spends $15,000.00 on home improvements and $5,000.00 on a child's orthodontics and then defaults. Creditor obtains a judgment for $20,000.00. Are the judgments in both examples the result of Medical Debt or not? A creditor has no way of knowing the credit issued would be used to pay medical bills and that its ability to recover would be hindered. An amended definition of Medical Debt will alleviate the above stated concerns. The Creditors Bar suggests the following definition of Medical Debt :

"MEDICAL DEBT" MEANS AN OBLIGATION OF A CONSUMER TO PAY AN AMOUNT OWED DIRECTLY TO A HEALTHCARE FACILITY OR HEALTHCARE PROFESSIONAL FOR THE RECEIPT OF A MEDICATION, PROCEDURE, SERVICE, OR TREATMENT THAT A MEDICAL PROFESSIONAL DETERMINES TO BE MEDICALLY NECESSARY.

COURTS OF RECORD CREATE JUDGMENT LIENS

Maryland Circuit Courts and the Baltimore City District Court are "Courts of Record" and automatically create liens when a judgment is entered. Judgments entered in other Courts may result in a lien upon request of a judgment creditor. SB349/HB428 prohibits a lien created by breach of contract for the payment of medical debt and provides any liens created in violation may result in an award for economic damages. The award of damages should be limited to liens created as a result of intentional action, or inaction, by a judgment creditor. Lastly, an alternative to prohibiting lien creation is to simply prohibit execution on an owner occupied residential property if a judgment lien is a result of medical debt.

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[1] In the 2024 legislative session, very similar bills were introduced as HB673/SB630. HB673 was voted out of the House 140-0 and the definition of medical debt was "a debt incurred due to a medication, procedure, service, <u>or treatment that a medical professional determines to be medically necessary.</u>"

2025 - MDDCCBR - OPP TO SB349-HB428 - Medical Lien
Uploaded by: Scott Whiteman
Position: UNF

MARYLAND/DC
CREDITORS BAR ASSOCIATION, INC.

1/24/25

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