



Maryland
Hospital Association

House Bill 526- Civil Actions - Settlement Agreements - Payment and Release

Position: *Oppose*

February 18, 2026

House Judiciary Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in opposition of House Bill 526. By requiring the release of settlement funds on an unreasonably short timeline, and before Medicare liens are settled, HB 526 adds unnecessary pressure to an already difficult liability environment and creates financial risks that ultimately impact hospitals' ability to care for patients.

HB 526 is fundamentally unfair to Maryland hospitals. This bill would create a set of payment responsibilities that would not work in the context of medical professional liability settlements, and suggests a solution where there is not a problem. Healthcare organizations make payments in connection with medical professional liability settlements in a timely fashion now. There are a number of reasons why these payments can often not be made in the time frame required under this bill that are outside hospital control. These reasons include:

- The time it takes to negotiate and finalize the settlement agreement which requires timely cooperation by the plaintiff.
- Some settlements require obtaining court approval before the settlement can be considered final.
- Finalizing the negotiations and the documents to implement annuities or other financial tools contemplated by the agreement of the parties. As described below, there is often a need to satisfy liens, including super liens. Medicare and other governmental liens need to be satisfied before payment can be made because the defendant healthcare system is legally responsible to ensure those liens are paid. Failure to do so can result in fines and penalties in addition to the lien payment.

In many lawsuits, the hospital being sued by the plaintiff is paid by Medicare to cover the patient's medical treatment while the case is still ongoing. When the case settles, part of the settlement money must be used to reimburse Medicare for those earlier payments. This bill would require hospitals to give the settlement funds to the patient before Medicare provides the exact amount that must be repaid. If the patient does not repay Medicare correctly, the hospital can be held responsible for the outstanding amount, which means the hospital could pay for the same care twice. Federal law also allows Medicare to seek double damages in these situations, so hospitals could ultimately be charged three times for the same medical services. This is unfair because hospitals and health systems have no control over whether a patient repays Medicare, yet the bill places all of the financial consequences on them.

Maryland hospitals simply cannot absorb new financial burdens. Under the state's global budget system, each hospital operates with a fixed annual revenue cap, meaning they cannot raise rates to cover unexpected expenses. Added litigation costs directly reduce the money available for patient care. At the same time, hospitals are facing major financial strain from looming Medicaid cuts and growing uncertainty at the federal level. Increasing hospitals' liability exposure in this environment only makes it harder to keep services stable and accessible. Hospitals should not be punished for delays that are often outside their control, especially when those penalties take resources away from the patients and communities they serve.

Additionally, this bill represents a dangerous escalation of the liability burdens facing Maryland's health care system. HB 526 is particularly damaging because because this legislation would apply to all claims, including medical malpractice cases.

For these reasons, we request a unfavorable report on HB 526.

For more information, please contact:

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