

# SENATE BILL 1006

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EMERGENCY BILL

4lr2897  
CF 4lr2900

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By: **Senator Hayes**

Introduced and read first time: February 2, 2024

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Hospitals – Medical Debt Collection – Sale of Patient Debt**

3 FOR the purpose of authorizing a hospital, under certain circumstances, to sell the medical  
4 debt of patients if the debt is sold to a governmental unit or an entity under contract  
5 with the unit for the purpose of canceling the debt; requiring that a hospital's  
6 financial policy require the hospital to dismiss actions pending against a patient for  
7 the collection of debt that was sold and prohibit the hospital from engaging in  
8 specified collection activities on patient debt that was sold; and generally relating to  
9 hospital debt collection policies and the sale of patient debt.

10 BY repealing and reenacting, with amendments,  
11 Article – Health – General  
12 Section 19–214.2(a), (b), (f), (m), and (n)  
13 Annotated Code of Maryland  
14 (2023 Replacement Volume)

15 BY adding to  
16 Article – Health – General  
17 Section 19–214.2(m)  
18 Annotated Code of Maryland  
19 (2023 Replacement Volume)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
21 That the Laws of Maryland read as follows:

22 **Article – Health – General**

23 19–214.2.

24 (a) (1) Each hospital annually shall submit to the Commission:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) At times prescribed by the Commission, the hospital's policy on  
2 the collection of debts owed by patients; and

3 (ii) A report including:

4 1. The total number of patients by race or ethnicity, gender,  
5 and zip code of residence against whom the hospital, or a debt collector used by the hospital,  
6 filed an action to collect a debt owed on a hospital bill;

7 2. The total number of patients by race or ethnicity, gender,  
8 and zip code of residence with respect to whom the hospital has and has not reported or  
9 classified a bad debt; [and]

10 3. The total dollar amount of the charges for hospital services  
11 provided to patients but not collected by the hospital for patients covered by insurance,  
12 including the out-of-pocket costs for patients covered by insurance, and patients without  
13 insurance; AND

14 4. **FOR HOSPITAL DEBTS OWED BY PATIENTS OF THE**  
15 **HOSPITAL THAT THE HOSPITAL SOLD TO A GOVERNMENTAL UNIT OR CONTRACTOR**  
16 **UNDER SUBSECTION (M) OF THIS SECTION:**

17 **A. THE TOTAL DOLLAR AMOUNT OF THE DEBT SOLD BY**  
18 **THE HOSPITAL FOR THE REPORTING YEAR;**

19 **B. THE TOTAL DOLLAR AMOUNT PAID TO THE HOSPITAL**  
20 **BY THE UNIT OR CONTRACTOR WHO PURCHASED THE DEBT; AND**

21 **C. THE TOTAL NUMBER OF PATIENTS WHOSE DEBT WAS**  
22 **SOLD, IN FULL OR IN PART, TO THE UNIT OR CONTRACTOR WHO PURCHASED THE**  
23 **DEBT.**

24 (2) The Commission shall post the information submitted under paragraph  
25 (1) of this subsection on its website.

26 (b) The policy submitted under subsection (a)(1) of this section shall:

27 (1) Provide for active oversight by the hospital of any contract for collection  
28 of debts on behalf of the hospital;

29 (2) [Prohibit] **EXCEPT AS PROVIDED IN SUBSECTION (M) OF THIS**  
30 **SECTION, PROHIBIT** the hospital from selling any debt;

31 (3) Prohibit the charging of interest on bills incurred by self-pay patients  
32 before a court judgment is obtained;

1 (4) Describe in detail the consideration by the hospital of patient income,  
2 assets, and other criteria;

3 (5) Prohibit the hospital from reporting to a consumer reporting agency or  
4 filing a civil action to collect a debt within 180 days after the initial bill is provided;

5 (6) Describe the hospital's procedures for collecting a debt;

6 (7) Describe the circumstances in which the hospital will seek a judgment  
7 against a patient;

8 (8) In accordance with subsection (c) of this section, provide for a refund of  
9 amounts collected from a patient or the guarantor of a patient who was later found to be  
10 eligible for free care within 240 days after the initial bill was provided;

11 (9) If the hospital has obtained a judgment against or reported adverse  
12 information to a consumer reporting agency about a patient who later was found to be  
13 eligible for free care within 240 days after the initial bill was provided for which the  
14 judgment was awarded or the adverse information was reported, require the hospital to  
15 seek to vacate the judgment or strike the adverse information;

16 (10) Provide a mechanism for a patient to:

17 (i) Request the hospital to reconsider the denial of free or  
18 reduced-cost care;

19 (ii) File with the hospital a complaint against the hospital or a debt  
20 collector used by the hospital regarding the handling of the patient's bill; and

21 (iii) Allow the patient and the hospital to mutually agree to modify  
22 the terms of a payment plan offered under subsection (e) of this section or entered into with  
23 the patient; [and]

24 (11) Prohibit the hospital from collecting additional fees in an amount that  
25 exceeds the approved charge for the hospital service as established by the Commission for  
26 which the medical debt is owed on a bill for a patient who is eligible for free or  
27 reduced-cost care under the hospital's financial assistance policy;

28 **(12) REQUIRE THE HOSPITAL TO DISMISS ACTIONS PENDING AGAINST**  
29 **A PATIENT FOR COLLECTION OF DEBT THAT WAS SOLD UNDER SUBSECTION (M) OF**  
30 **THIS SECTION; AND**

31 **(13) PROHIBIT THE HOSPITAL FROM:**

1                   **(I) ENGAGING IN COLLECTION ACTIVITIES ON 100% OF THE**  
2 **OUTSTANDING AMOUNT OF THE COMMISSION-SET CHARGE FOR DEBT SOLD UNDER**  
3 **SUBSECTION (M) OF THIS SECTION; AND**

4                   **(II) COLLECTING ON JUDGMENTS ENTERED INTO ON PATIENT**  
5 **DEBT THAT WAS SOLD UNDER SUBSECTION (M) OF THIS SECTION.**

6           (f)   (1)   For at least 180 days after issuing an initial patient bill, a hospital may  
7 not report adverse information about a patient to a consumer reporting agency or  
8 commence civil action against a patient for nonpayment.

9           (2)   A hospital shall report the fulfillment of a patient's payment obligation  
10 within 60 days after the obligation is fulfilled to any consumer reporting agency to which  
11 the hospital had reported adverse information about the patient, **INCLUDING IF THE DEBT**  
12 **WAS SOLD UNDER SUBSECTION (M) OF THIS SECTION.**

13           (3)   A hospital may not report adverse information to a consumer reporting  
14 agency regarding a patient who at the time of service was uninsured or eligible for free or  
15 reduced-cost care under § 19-214.1 of this subtitle.

16           (4)   A hospital may not report adverse information about a patient to a  
17 consumer reporting agency, commence a civil action against a patient for nonpayment, or  
18 delegate collection activity to a debt collector:

19                   (i)   If the hospital was notified in accordance with federal law by the  
20 patient or the insurance carrier that an appeal or a review of a health insurance decision  
21 is pending within the immediately preceding 60 days; [or]

22                   (ii)   If the hospital has completed a requested reconsideration of the  
23 denial of free or reduced-cost care that was appropriately completed by the patient within  
24 the immediately preceding 60 days; **OR**

25                   **(III) IF THE HOSPITAL SOLD THE DEBT UNDER SUBSECTION (M)**  
26 **OF THIS SECTION.**

27           (5)   If a hospital has reported adverse information about a patient to a  
28 consumer reporting agency, the hospital shall instruct the consumer reporting agency to  
29 delete the adverse information about the patient:

30                   (i)   If the hospital was informed by the patient or the insurance  
31 carrier that an appeal or a review of a health insurance decision is pending, and until 60  
32 days after the appeal is complete; or

33                   (ii)   Until 60 days after the hospital has completed a requested  
34 reconsideration of the denial of free or reduced-cost care.

1           **(M) (1) (i) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A**  
2 **HOSPITAL MAY SELL DEBT OWED TO THE HOSPITAL BY A PATIENT FOR HOSPITAL**  
3 **SERVICES TO A GOVERNMENTAL UNIT OR AN ENTITY THAT IS UNDER CONTRACT**  
4 **WITH THE UNIT FOR THE SOLE PURPOSE OF CANCELING THE DEBT.**

5                           **(ii) THE CONTRACT BETWEEN THE HOSPITAL AND THE**  
6 **GOVERNMENTAL UNIT OR CONTRACTOR PURCHASING THE DEBT UNDER THIS**  
7 **SUBSECTION SHALL:**

8                           **1. STATE THAT THE SOLE PURPOSE OF THE SALE OF THE**  
9 **DEBT IS TO CANCEL THE DEBT; AND**

10                           **2. INCLUDE A WRITTEN AGREEMENT FROM THE**  
11 **PATIENT ALLOWING THE DEBT TO BE SOLD.**

12                           **(iii) THE PATIENT IS NOT RESPONSIBLE TO THE HOSPITAL, THE**  
13 **GOVERNMENTAL UNIT, OR THE CONTRACTOR FOR ANY AMOUNT OF THE DEBT THAT**  
14 **IS SOLD UNDER THIS SUBSECTION OR ANY INTEREST, FEES, OR COSTS ASSOCIATED**  
15 **WITH THE DEBT OR THE SALE.**

16           **(2) DEBT SOLD UNDER THIS SUBSECTION:**

17                           **(i) MUST BE FOR HOSPITAL SERVICES PROVIDED AT LEAST 2**  
18 **YEARS BEFORE THE DATE OF THE SALE;**

19                           **(ii) MAY NOT BE SUBJECT TO CURRENT LIENS OR LEGAL**  
20 **PROCESSES;**

21                           **(iii) MAY NOT BE EXPECTED TO YIELD ADDITIONAL**  
22 **REIMBURSEMENTS FROM A THIRD-PARTY PAYER;**

23                           **(iv) MAY NOT BE SUBJECT TO AN OPEN APPEAL WITH AN**  
24 **INSURANCE COMPANY; AND**

25                           **(v) MUST BE FOR AN INDIVIDUAL WHOSE FAMILY INCOME IS AT**  
26 **OR BELOW 400% OF THE FEDERAL POVERTY LEVEL OR WHO HAS MEDICAL DEBT**  
27 **EXCEEDING 5% OF THE INDIVIDUAL'S FAMILY INCOME, AS DETERMINED BY THE**  
28 **GOVERNMENTAL UNIT OR CONTRACTOR PURCHASING THE DEBT.**

29                           **(3) DEBT SOLD UNDER THIS SUBSECTION MAY BE SOLD WITH A**  
30 **DISCOUNT OF COMMISSION CHARGES.**

1           **(4) THE COMMISSION SHALL TREAT THE AMOUNT OF PAYMENTS TO**  
2 **HOSPITALS UNDER THIS SUBSECTION AS AN OFFSET TO UNCOMPENSATED CARE**  
3 **AMOUNTS REPORTED BY HOSPITALS.**

4           **[(m)] (N)** The Commission shall review each hospital's implementation of and  
5 compliance with the hospital's policies and the requirements of this section.

6           **[(n)] (O)** (1) On or before February 1 each year, beginning in 2023, the  
7 Commission shall compile the information required under subsection (a) of this section and  
8 prepare a medical debt collection report based on the compiled information.

9           (2) The report required under paragraph (1) of this subsection shall be:

10                   (i) Made available to the public free of charge; and

11                   (ii) Submitted to the Senate Finance Committee and the House  
12 Health and Government Operations Committee in accordance with § 2–1257 of the State  
13 Government Article.

14           SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency  
15 measure, is necessary for the immediate preservation of the public health or safety, has  
16 been passed by a ye and nay vote supported by three–fifths of all the members elected to  
17 each of the two Houses of the General Assembly, and shall take effect from the date it is  
18 enacted. It shall remain effective through December 31, 2026, and, at the end of December  
19 31, 2026, this Act, with no further action required by the General Assembly, shall be  
20 abrogated and of no further force and effect.