
Maryland's Medical Debt Protection Act

— Marceline White, Executive Director,
Maryland Consumer Rights Coalition —

What's the Problem?

Maryland hospitals are nonprofit hospitals.

Maryland hospitals use a total cost-of-care model which means hospitals are paid ahead of time to provide free and reduced-cost care to low income patients.

Despite the fact that hospitals are already compensated to provide free and reduced-cost care, Maryland's nonprofit hospitals have sued low-income patients to recover medical debt.

Report-What We Found

Joint [report](#) by NNU, AFL-CIO, MCRC

Reviewed data from 2009-2018 & report found that:

MD hospitals filed 145, 746 lawsuits to collect medical debt of \$5000 or less.

Median amount pursued in lawsuit was \$944.

37, 370 garnishments

4,432 liens on homes

3, 278 bankruptcies

Medical debt is 0.18 percent of operating revenues and 4.7 percent of net income

What the Medical Debt Protection Act Does

Expands timeline to qualify for free & reduced-cost care-240 days after initial bill if circumstances change for patient/family

Annual report by each hospital on debt collection activity publicly posted

Prohibit reporting to consumer reporting agency for 180 days after initial bill

No interest or fees on debt for patients who qualify for free & reduced-cost care

HSCRC will develop guidelines for hospitals' income-based repayment plan -plan will be installment plan no more than .5% of patient's gross monthly income. Required for all hospitals.

De facto moratorium on medical debt lawsuits-no legal action until hospital has established & implemented payment plan policy -earliest March. 2022

What Medical Debt Protection Act Does

Affidavit from hospital prior to initiating debt collection action or delegating debt to debt collector that 'good faith' effort was made on payment plans

Report adverse information-no reporting if patient was eligible for free or reduced-cost care

Adverse information-not allowed if appeal underway

No liens on patient's primary residence but can pursue estate

No body attachments -cannot be requested for medical debts

No wage garnishment-for patients eligible for free or reduced-cost care

Why Should You Care & Direct Action

Efforts

MCRC commissioned a [study](#) by two BU health economists to estimate the effect. They found it would cost hospitals, on average, \$7000 to stop suing on medical debt. The study also found that hospital lawsuits were three times more likely to take place in low-income neighborhoods. Many of those who had wages garnished worked at hospital as security or janitorial staff.

Health & housing inextricably linked. Financial stress equals poor health.

MCRC also created the [Medical Debt Freedom Fund](#) to raise awareness of the problem, create direct way to help, pay off debts, & hopefully gain support. Currently raised \$10,000 to pay off medical debts directly, working to raise more support.

To Be Continued ...

Questions?

Thanks!

Marceline White, marceline@marylandconsumers.org