

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 367

Short Title: Medical Debt De-Weaponization Act. (Public)

Sponsors: Representatives Goodwin and Pierce (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

March 15, 2023

A BILL TO BE ENTITLED

AN ACT TO ADOPT THE PRO-FAMILY, PRO-CONSUMER MEDICAL DEBT PROTECTION ACT TO SET TRANSPARENT PARAMETERS AROUND THE PROVISION OF FINANCIAL ASSISTANCE FOR IMPOVERISHED FAMILIES AND LIMIT THE ABILITY OF LARGE MEDICAL FACILITIES TO CHARGE UNREASONABLE INTEREST RATES AND EMPLOY UNFAIR TACTICS IN DEBT COLLECTION.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 131E of the General Statutes is amended by adding a new Article to read:

"Article 11C.

"Medical Debt Protection Act.

"§ 131E-214.21. Short title and purpose.

This Article may be cited as the "Medical Debt Protection Act." The purpose of this Article is to reduce burdensome medical debt and to protect patients in their dealings with medical creditors, medical debt buyers, and medical debt collectors with respect to such debt. This Article is a consumer protection statute and shall be liberally and remedially construed to effectuate its purposes.

"§ 131E-214.22. Definitions.

The following definitions apply in this Article:

- (1) Consumer. – A natural person who has incurred a debt or alleged debt for primarily personal, family, or household purposes.
- (2) Consumer reporting agency. – Any person, which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties.
- (3) External review. – Review of an adverse benefit determination, including a final internal adverse benefit determination, conducted pursuant to an applicable State external review process as described in Part 4 of Article 50 of Chapter 58 of the General Statutes, a federal external review process as described in 42 U.S.C. § 300gg-19, a review pursuant to 29 U.S.C. § 1133, a Medicare appeals process, a Medicaid appeals process, or another applicable appeals process.



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- 1 (4) Extraordinary collection action. – An extraordinary collection action includes
2 any of the following:
3 a. Selling an individual's debt to another party, except if prior to the sale,
4 the medical creditor enters into a legally binding written agreement
5 with the medical debt buyer which includes the following provisions:
6 1. The medical debt buyer or collector is prohibited from
7 engaging in any extraordinary collection actions to obtain
8 payment for the care.
9 2. The medical debt buyer is prohibited from charging interest on
10 the debt in excess of that described in G.S. 131E-214.23.
11 3. The debt is returnable to or recallable by the medical creditor
12 upon a determination by the medical creditor or medical debt
13 buyer that the individual is eligible for financial assistance.
14 4. If the individual is determined to be eligible for financial
15 assistance and the debt is not returned to or recalled by the
16 medical creditor, the medical debt buyer is required to adhere
17 to procedures which shall be specified in the agreement that
18 ensure that the individual does not pay, and has no obligation
19 to pay, the medical debt buyer and the medical creditor
20 together more than he or she is personally responsible for
21 paying in compliance with this Article.
22 b. Reporting adverse information about the patient to a consumer
23 reporting agency.
24 c. Actions that require a legal or judicial process, including, but not
25 limited to:
26 1. Placing a lien on an individual's property.
27 2. Attaching or seizing an individual's bank account or any other
28 personal property.
29 3. Commencing a civil action against an individual.
30 4. Garnishing an individual's wages.
31 (5) Gross charges. – A covered health care provider's full, established price for
32 health care services that the covered health care provider charges uninsured
33 patients before applying any contractual allowances, discounts, or deductions.
34 (6) Health care services. – Services for the diagnosis, prevention, treatment, cure,
35 or relief of a physical, dental, behavioral, substance use disorder or mental
36 health condition, illness, injury, or disease. These services include, but are not
37 limited to, any procedures, products, devices, or medications.
38 (7) Household income. – Income calculated by using the methods used to
39 calculate Medicaid eligibility, as set forth in 42 C.F.R. § 435.603, unless that
40 law should be repealed, then by applicable State law.
41 (8) Internal review or internal appeal. – Review by a health insurance plan or other
42 insurer of an adverse benefit determination.
43 (9) Large health care facility. – Includes any of the following entities:
44 a. Any hospital licensed under this Chapter or Chapter 122C of the
45 General Statutes, whether a nonprofit subject to 26 U.S.C. § 501(c)(3),
46 a hospital owned by a county, municipality, the State, or a for-profit
47 entity.
48 b. Any outpatient clinic or facility affiliated with a hospital or operating
49 under the license of a hospital described in sub-subdivision a. of this
50 subdivision.
51 c. Any ambulatory surgical center licensed under this Chapter.

1 d. Any practice which provides outpatient medical, behavioral, optical,
2 radiology, laboratory, dental, or other health care services with
3 revenues of at least twenty million dollars (\$20,000,000) annually and
4 is licensed under this Chapter or has medical providers performing
5 health care services pursuant to a license issued under Chapter 90 of
6 the General Statutes.

7 e. Any licensed health care professional who provides health care
8 services in one or more of the settings listed in sub-subdivisions a.
9 through d. of this subdivision and bills patients independently.

10 (10) Medical creditor. – Any entity that provides health care services and to whom
11 the consumer owes money for health care services, or the entity that provided
12 health care services and to whom the consumer previously owed money if the
13 medical debt has been purchased by one or more debt buyers.

14 (11) Medical debt. – A debt arising from the receipt of health care services.

15 (12) Medical debt buyer. – A person or entity that is engaged in the business of
16 purchasing medical debts for collection purposes, whether it collects the debt
17 itself or hires a third party for collection or an attorney-at-law for litigation in
18 order to collect such debt.

19 (13) Medical debt collector. – Any person that regularly collects or attempts to
20 collect, directly or indirectly, medical debts originally owed or due or asserted
21 to be owed or due another. A medical debt buyer is considered to be a medical
22 debt collector for all purposes.

23 (14) Medical debt mitigation policy (MDMP). – A written financial assistance
24 policy which includes:

25 a. Eligibility criteria for financial assistance, including when such
26 assistance includes free or discounted care.

27 b. The basis for calculating amounts charged to patients.

28 c. The method for applying for financial assistance.

29 d. The billing and collections policy containing the actions the covered
30 health care provider may take in the event of nonpayment, including
31 collections action and reporting to credit agencies.

32 e. Measures to widely publicize the policy within the community to be
33 served by the covered health care provider.

34 (15) Patient. – The person who received health care services and, for the purposes
35 of this Article, shall include a parent if the patient is a minor or a legal guardian
36 if the patient is an adult under guardianship.

37 **"§ 131E-214.23. Medical debt mitigation policy for large health care facilities.**

38 (a) All large health care facilities are required to develop a written MDMP that complies
39 with this Article and any implementing rules. This requirement shall apply whether or not the
40 large health care facility is required to develop a financial assistance policy under 26 U.S.C. §
41 501(r)(4) and implementing regulations.

42 (b) The MDMP must, at a minimum, include the following:

43 (1) A written financial assistance policy that applies to all emergency and other
44 medically necessary health care services offered by the covered health care
45 provider.

46 (2) A plain language summary of the financial assistance policy, which shall not
47 exceed two pages in length.

48 (3) The eligibility criteria for financial assistance and a summary of the type of
49 assistance that is available as set forth in this Article.

50 (4) The method and application process that patients are to use to apply for
51 financial assistance.

- 1 (5) The information and documentation the large health care facility may require
2 an individual to provide as part of the application.
3 (6) The reasonable steps that the provider will take to determine whether a patient
4 is eligible for financial assistance.
5 (7) The billing and collections policy, including the actions that may be taken in
6 the event of nonpayment, which shall comply with all applicable parts of this
7 Article and other applicable municipal, State, or federal laws.

8 (c) The MDMP must be approved by the owners or governing body of a health care
9 provider and shall be reviewed by the owners or governing board annually.

10 **"§ 131E-214.24. Implementation of the medical debt mitigation policy.**

11 (a) In addition to any other actions required by applicable municipal, State, or federal
12 law, large health care facilities must take the following steps before seeking payment for any
13 emergency or medically necessary care:

- 14 (1) Determine whether the patient has health insurance.
15 (2) If the patient is uninsured, offer to screen the patient for public or private
16 insurance eligibility and offer assistance if the patient chooses to apply for
17 public or private insurance, however, a patient's refusal to be screened shall
18 not be grounds for denying financial assistance.
19 (3) Offer to screen the patient for other public programs which may assist with
20 health care costs, however, a patient's refusal to be screened shall not be
21 grounds for denying financial assistance.
22 (4) If available, use information in the possession of the large health care facility
23 to determine that the patient is qualified for free or discounted care as set forth
24 in subsection (b) of this section.
25 (5) If the patient submits an application for financial assistance, determine the
26 patient's eligibility for the financial assistance plan within 14 days after the
27 patient applies for financial assistance, suspending any billing or collections
28 actions while eligibility is being determined.

29 (b) The following patients shall qualify for financial assistance under the MDMP, which
30 applies to any charges for health care services that are not covered by insurance and would
31 otherwise be billed to the patient:

- 32 (1) Patients with household income of zero percent (0%) to two hundred percent
33 (200%) of the federal poverty level shall receive free care.
34 (2) Patients with household income of more than two hundred percent (200%) up
35 to four hundred percent (400%) of the federal poverty level shall be charged
36 no more than an amount calculated in the following manner:
37 a. Recalculate the patient's bill using the Medicare reimbursement rate
38 applicable on the dates of service.
39 b. The patient shall be charged no more than fifty percent (50%) of the
40 first one thousand dollars (\$1,000) charged under this recalculated bill.
41 c. The patient shall be charged no more than ten percent (10%) of any
42 remaining amount over one thousand dollars (\$1,000) and up to five
43 thousand dollars (\$5,000).
44 d. The patient shall be charged no more than five percent (5%) of any
45 remaining amount over five thousand dollars (\$5,000) and up to ten
46 thousand dollars (\$10,000).
47 e. Any amount above ten thousand dollars (\$10,000) shall be provided to
48 the patient as free care.
49 (3) Patients with household income of more than four hundred percent (400%) up
50 to six hundred percent (600%) of the federal poverty level shall receive the
51 same discounts as patients with household income of more than two hundred

1 percent (200%) up to four hundred percent (400%) of the federal poverty level
2 if the patient or the patient's household has incurred medical expenses from
3 the current large health care facility's bill and all other medical bills for
4 medically necessary health care services received during the previous 12
5 months which in total exceed ten percent (10%) of the household's income.

6 (4) In addition to other financial assistance provided under this Article, no patient
7 with household income at or below four hundred percent (400%) of the federal
8 poverty level shall be required to pay more than two thousand three hundred
9 dollars (\$2,300) in cumulative medical bills to large health care facilities per
10 year. Upon patient request and documentation, any health care services that
11 have been delivered by one or more large health care facilities after the two
12 thousand three hundred dollar (\$2,300) limit has been met must be provided
13 as free care.

14 (c) Establishing Eligibility. – The following are acceptable methods for establishing
15 eligibility for financial assistance:

16 (1) Household income shall be established by the most recent tax return unless
17 the patient chooses to submit pay stubs, documentation of public assistance,
18 or documentation of household income which the Office of the State Treasurer
19 has identified as a valid form of documentation for the purposes of this Article.
20 If the large health care facility requires any other documentation, it shall list
21 the documentation requirements in its MDMP as required by
22 G.S. 131E-214.23(b)(5).

23 (2) If the large health care facility uses a consumer report, as defined in section
24 603(d) of the Fair Credit Reporting Act, 15 U.S.C. § 1681a(d), or any score
25 or rating based on consumer report information, the facility shall obtain the
26 consumer's consent for such use and shall comply with all applicable
27 provisions of this Article.

28 (3) A large health care facility may grant financial assistance notwithstanding a
29 patient's failure to provide one of the required forms of documentation
30 described in the financial assistance policy or application form and may rely
31 on, but not require, other evidence of eligibility. A large health care facility
32 may grant financial assistance based on a determination of presumptive
33 eligibility relying on information in the facility's possession but shall not
34 presumptively deny an application based on such other evidence.

35 (d) If a large health care facility receives an application for financial assistance from a
36 patient, the facility shall notify the patient in writing within 30 days whether it has approved or
37 denied the application. The large health care facility shall provide a copy of any recalculated bill
38 and calculation of financial assistance provided to the patient.

39 (e) A large health care facility shall accept and consider a patient's application for
40 financial assistance if it is submitted within one year of the date of the first bill after the provision
41 of the health care services. However, if the patient is the subject of collection activity by the
42 facility or a medical debt collector, including a lawsuit to collect a medical debt or negative credit
43 reporting regarding a medical debt, and submits an application for financial assistance, the large
44 health care facility shall accept and process the application at any time. If the patient submits a
45 financial assistance application to a medical debt collector, the medical debt collector shall
46 forward the application to the large health care facility within two business days and shall cease
47 collection activity until notified by the large health care facility of the outcome of the application
48 and any debt forgiven or new repayment terms.

49 (f) Large health care facilities and medical debt collectors shall not charge any interest
50 or late fees to patients who qualify for financial assistance.

1 (g) Large health care facilities and medical debt collectors shall offer to any patient who
2 qualifies for financial assistance a payment plan of not less than 24 months and shall not require
3 the patient to make monthly payments that exceed five percent (5%) of the patient's gross
4 monthly income. Prepayment or early payment penalties or fees are prohibited.

5 (h) For a patient who has been found to be eligible for financial assistance, no initial
6 payment on a monthly payment plan shall be due within the first 90 days after the health care
7 services were provided.

8 **"§ 131E-214.25. Medical debt mitigation policy: public education and information.**

9 (a) A large health care facility must publicize its MDMP widely by:

10 (1) Making the policy and the financial assistance application form easily
11 accessible online, through the large health care facility's website and through
12 any patient portal or other online communication portal used by patients of
13 the health care provider.

14 (2) In addition to any other requirements in this Article, making paper copies of
15 the MDMP and application form available upon request and without charge,
16 both by mail and in the large health care facility's office. For hospitals, copies
17 should be available, at a minimum, in the emergency room, if any, and
18 admissions areas.

19 (3) Notifying and informing members of the community served by the large
20 health care facility about the MDMP in a manner reasonably calculated to
21 reach those members who are most likely to require financial assistance with
22 such efforts commensurate to the size and income of the provider.

23 (4) Notifying and informing individuals who receive care from the large health
24 care facility about the MDMP by:

25 a. Offering a paper copy of the MDMP to patients as part of the patient's
26 first visit, or in the case of a hospital facility, during the intake and
27 discharge process.

28 b. Including a conspicuous written notice on billing statements, whether
29 sent by the large health care facility or a medical debt collector, that
30 notifies and informs recipients about the availability of financial
31 assistance and includes the telephone number of the large health care
32 facility's office or department that can provide information about the
33 financial assistance policy and application process and the direct
34 website address where copies of the MDMP and application may be
35 obtained.

36 c. Setting up conspicuous public displays or other measures reasonably
37 calculated to attract patients' attention that notify and inform patients
38 about the MDMP in public locations in the large health care facility's
39 office. For hospitals, displays should be posted in the emergency room,
40 if any, and admissions areas, at a minimum.

41 (b) In all attempts, whether written or oral, by a medical creditor or debt collector to
42 collect a medical debt for health care services provided by a large health care facility, the patient
43 must be informed of any financial assistance policy available through the large health care
44 facilities.

45 **"§ 131E-214.26. Medical debt mitigation policy: language access.**

46 (a) An MDMP shall include a notice that states: "This document contains important
47 information about financial assistance for your bill. Contact [insert name and phone number of
48 large health care facility] for translation assistance," translated in the 10 languages most
49 frequently spoken by limited English proficient households as determined by U.S. Census Bureau
50 data in the large health care facility's service area.

1 **(b)** A large health care facility must accommodate all significant populations that have
2 limited English proficiency by translating the MDMP and application form into the primary
3 languages spoken by such populations. A large health care facility will satisfy this translation
4 requirement if it makes available translations of its MDMP and application form in the language
5 spoken by each limited English proficiency language group that constitutes the lesser of 1,000
6 individuals or five percent (5%) of the community served by the large health care facility or the
7 population likely to be affected or encountered by the large health care facility. A large health
8 care facility may determine the percentage or number of limited English proficiency individuals
9 in the large health care facility's community or likely to be affected or encountered by the hospital
10 facility.

11 **(c)** A large health care facility must accommodate any patient with limited English
12 proficiency, who is part of a population which falls below the numerical thresholds established
13 in subsection (b) of this section, by providing oral interpretation services to the patient upon
14 request and at no cost to the patient to explain the MDMP and its application.

15 **(d)** A large health care facility must accommodate any patient with limited English
16 proficiency to answer questions from the patient regarding the MDMP, the application form, any
17 written determination of eligibility, and any other communication regarding financial assistance
18 from the large health care facility. A large health care facility may accommodate these patients
19 by providing oral interpretation services to the patient upon request and at no cost to the patient.

20 **"§ 131E-214.27. Billing and collections rules; limits on creditors.**

21 **(a)** The following prohibited collection actions may not be used by any medical creditor
22 or medical debt collector to collect debts owed for health care services:

23 **(1)** Causing an individual's arrest.

24 **(2)** Causing an individual to be held in civil contempt or imprisoned under
25 G.S. 5A-21 or G.S. 1-302 if the only reason supporting the contempt is the
26 debtor's failure to pay a judgment for medical debt.

27 **(3)** Foreclosing on an individual's real property.

28 **(4)** Garnishing wages or State income tax refunds, except for those health care
29 providers that have a duty to set off a State tax refund under Chapter 105A of
30 the General Statutes.

31 **(b)** No medical creditor or medical debt collector shall engage in any permissible
32 extraordinary collection actions until 180 days after the first bill for a medical debt has been sent.

33 **(c)** At least 30 days before taking any extraordinary collection actions, a medical creditor
34 or medical debt collector must provide to the patient a notice containing the following:

35 **(1)** In the case of large health care facilities and medical debt collectors collecting
36 debt for health care services provided by such facilities, stating that financial
37 assistance is available for eligible individuals and providing a plain-language
38 summary of the MDMP.

39 **(2)** Identifying the extraordinary collection actions that will be initiated in order
40 to obtain payment.

41 **(3)** Providing a deadline after which such extraordinary collection actions will be
42 initiated, which date is no earlier than 30 days after the date of the notice.

43 **(d)** A large health care facility or a medical debt collector collecting debt for health care
44 services provided by such a facility shall not use any extraordinary collection actions unless these
45 actions are described in the large health care facility's billing and collections policy.

46 **(e)** If a large health care facility or a medical debt collector collecting debt for health care
47 services provided by such a facility bills or initiates collection activities and the patient is later
48 found eligible for financial assistance, the large health care facility or medical debt collector shall
49 reverse any extraordinary collection actions, including:

50 **(1)** Deleting any negative reports to consumer reporting agencies.

51 **(2)** Dismissing or vacating any collection lawsuits over the medical debt.

1 (3) Removing any wage garnishment orders.

2 If the patient has paid any part of the medical debt or any of the patient's funds have been seized
3 or levied in excess of the amount that the patient owes after application of financial assistance,
4 the large health care facility or medical debt collector shall refund any excess amount to the
5 patient.

6 **"§ 131E-214.28. Price information.**

7 All large health care facilities must post price information on their internet websites. This
8 information must be accessible via a link from the website's homepage and at a minimum must
9 include the following:

10 (1) A list of gross charges for all health care services.

11 (2) Next to the relevant gross charge, a list of the amounts that Medicare would
12 reimburse for the health care service.

13 (3) Plain-language titles or descriptions of health care services that can be
14 understood by the average consumer.

15 **"§ 131E-214.29. Liability for medical debt.**

16 (a) Parents and legal guardians are jointly liable for any medical debts incurred by
17 children under the age of 18.

18 (b) No spouse or other person shall be liable for the medical debt or nursing home debt
19 of any other person age 18 or older. A person may voluntarily consent to assume liability, but
20 such consent shall:

21 (1) Be on a separate standalone document signed by the person.

22 (2) Not be solicited in an emergency room or during an emergency situation.

23 (3) Not be required as a condition of providing any emergency or nonemergency
24 health care services.

25 **"§ 131E-214.30. Verification.**

26 Upon written or oral request and without fee, a medical creditor or medical debt collector
27 shall provide an itemized bill to the patient within 60 days of the request. The itemized bill shall
28 state:

29 (1) The name and address of the medical creditor.

30 (2) The dates of service.

31 (3) The dates the medical debts were incurred, if different from the dates of
32 service.

33 (4) A detailed list of the specific health care services provided to the patient.

34 (5) A list of all health care professionals who treated the patient.

35 (6) The amount of principal for any medical debts incurred.

36 (7) Any adjustment to the bill, including negotiated insurance rates or other
37 discounts.

38 (8) The amount of any payments received, whether from the patient or any other
39 party.

40 (9) Any interest or fees.

41 (10) Whether the patient was screened for financial assistance.

42 (11) Whether the patient was found eligible for financial assistance and, if so, the
43 amount due after all financial assistance has been applied to the itemized bill.

44 **"§ 131E-214.31. Medical debt and consumer reporting agencies.**

45 (a) No medical creditor or medical debt collector may communicate with or report any
46 information to any consumer reporting agency regarding a consumer's medical debt for a period
47 of one year beginning on the date when the consumer was first given a bill for the medical debt.

48 (b) After the one-year period described in subsection (a) of this section, medical creditors
49 and medical debt collectors must give consumers at least one additional bill before reporting a
50 medical debt to any consumer reporting agency. The amount reported to the consumer reporting
51 agency must be the same as the amount stated in the bill, and the bill shall state that the debt is

1 being reported to a consumer reporting agency. Medical debt collectors shall also provide the
2 notice required by 15 U.S.C. § 1692g before reporting a debt to a consumer reporting agency.

3 **"§ 131E-214.32. Prohibition against collection of medical debt during health insurance**
4 **appeals.**

5 (a) A medical creditor or medical debt collector that knows or should have known about
6 an internal review, external review, or other appeal of a health insurance decision that is pending
7 now or was pending within the previous 60 days shall not do any of the following:

8 (1) Provide information relative to unpaid charges for health care services to a
9 consumer reporting agency.

10 (2) Communicate with the consumer regarding the unpaid charges for health care
11 services for the purpose of seeking to collect the charges.

12 (3) Initiate a lawsuit or arbitration proceeding against the consumer relative to
13 unpaid charges for health care services.

14 (b) If a medical debt has already been reported to a consumer reporting agency and the
15 medical creditor or medical debt collector who reported the information learns of an internal
16 review, external review, or other appeal of a health insurance decision that is pending now or
17 was pending within the previous 60 days, that person shall instruct the consumer reporting agency
18 to delete the information about the debt.

19 (c) No medical creditor that knows or should have known about an internal review,
20 external review, or other appeal of a health insurance decision that is pending now or was pending
21 within the previous 60 days shall refer, place, or send the unpaid charges for health care services
22 to a medical debt collector, including by selling the debt to a medical debt buyer.

23 **"§ 131E-214.33. Interest on medical debt.**

24 (a) Unless a patient is eligible for financial assistance under G.S. 131E-214.24, and
25 notwithstanding any agreement to the contrary, interest on medical debt shall be limited to the
26 rate of interest equal to the weekly average one-year constant maturity Treasury yield, but not
27 less than two percent (2%) per annum nor more than five percent (5%) per annum, as published
28 by the Board of Governors of the Federal Reserve System, for the calendar week preceding the
29 date when the consumer was first provided with a bill. The Office of the State Treasurer shall
30 incorporate a reporting on this interest rate into the interest matters report required by the Council
31 of State. If the Board of Governors of the Federal Reserve System ceases to publish this interest
32 rate, then the Office of the State Treasurer shall substitute another measure that will result in a
33 reasonable interest rate of no more than five percent (5%) per annum. Patients eligible for
34 financial assistance shall not be charged any interest or late fees.

35 (b) The rate of interest provided in subsection (a) of this section shall also apply to any
36 judgments on medical debt, notwithstanding any agreement to the contrary.

37 **"§ 131E-214.34. Medical debt payment plans.**

38 (a) Any medical creditor or medical debt collector that agrees to a payment plan for a
39 medical debt shall provide a written copy of the payment plan to the consumer within five
40 business days of entering into the payment plan. This plan shall prominently disclose the rate of
41 any interest being applied to the debt in compliance with G.S. 131E-214.33 and the date by which
42 the account will be paid off in full, assuming the payments set by the schedule are made without
43 interruption.

44 (b) A consumer need not make a payment on the payment plan until the written copy has
45 been provided.

46 (c) A medical debt payment plan may be accelerated or declared in default or no longer
47 operative due to nonpayment only after the patient fails to make scheduled payments on the
48 payment plan for at least three consecutive months. Before declaring the payment plan no longer
49 operative, the medical creditor or medical debt collector shall make at least three reasonable
50 attempts to contact the patient by telephone or other method preferred by the patient.
51 Additionally, notice must be provided in writing that the payment plan may become inoperative

1 and informing the patient of the opportunity to renegotiate the payment plan. Prior to the payment
2 plan being declared inoperative, the medical creditor shall attempt to renegotiate the terms of the
3 defaulted payment plan, if requested by the patient. The medical creditor shall not report adverse
4 information to a consumer credit reporting agency or commence a civil action against the patient
5 or responsible party for nonpayment until at least 60 days after the payment plan is declared to
6 be no longer operative. For purposes of this section, the notice and telephone call to the patient
7 may be made to the last known telephone number and address of the patient.

8 **"§ 131E-214.35. Receipts for payments.**

9 Within 10 business days of receipt of a payment on a medical debt, the medical creditor or
10 medical debt collector, or any of their agents receiving the payment, shall furnish a receipt to the
11 person that made the payment. All receipts shall include the following information:

- 12 (1) The amount paid.
- 13 (2) The date payment was received.
- 14 (3) The account's balance before the most recent payment.
- 15 (4) The new balance after application of the payment.
- 16 (5) The interest rate and interest accrued since the consumer's last payment.
- 17 (6) The consumer's account number.
- 18 (7) The name of the current owner of the debt and, if different, the name of the
19 medical creditor.
- 20 (8) Whether the payment is accepted as payment in full of the debt.

21 **"§ 131E-214.36. Debt forgiven by medical center.**

22 Forgiveness of any part of an insured patient's copayment, coinsurance, deductible, facility
23 fees, out-of-network charges, or other cost-sharing shall not be a breach of contract or other
24 violation of an agreement between the medical creditor and the insurer or payor.

25 **"§ 131E-214.37. Private remedy.**

26 (a) Any medical creditor or medical debt collector who violates this Article, regardless
27 of whether the violation was committed knowingly, shall be liable to the consumer against whom
28 the violation occurred in a private right of action in an amount up to treble the amount fixed by
29 a damages verdict in favor of the plaintiff.

30 (b) Any consumer may sue for injunctive or other appropriate equitable relief to enforce
31 this Article.

32 (c) The remedies provided in this section are not intended to be the exclusive remedies
33 available to a consumer nor must the consumer exhaust any administrative remedies provided
34 under this Article or any other applicable law.

35 (d) No MDMP or agreement between the patient and a large health care provider or
36 medical debt collector shall contain a provision that, prior to a dispute arising, waives or has the
37 practical effect of waiving the rights of a patient to resolve that dispute by obtaining:

- 38 (1) Injunctive, declaratory, or other equitable relief.
- 39 (2) Multiple or minimum damages as specified by statute.
- 40 (3) Attorney's fees and costs as specified by statute or as available at common
41 law.
- 42 (4) A hearing at which that party can present evidence in person.

43 Any provision in a financial assistance policy or other written agreement violating this
44 subsection shall be void and unenforceable. A court may refuse to enforce other provisions of
45 the financial assistance policy or other written agreement as equity may require.

46 **"§ 131E-214.38. Prohibition of waiver of rights.**

47 Any waiver by any patient or other consumer of any protection provided by or any right of
48 the patient or other consumer under this Article is void and may not be enforced by any court or
49 any other person.

50 **"§ 131E-214.39. Enforcement.**

1 (a) The Attorney General shall have the authority to enforce this Article and may adopt
2 any rules it believes are necessary or appropriate to effectuate the purpose of this Article, to
3 provide for the protection of patients and their families, and to assist market participants in
4 interpreting this Article.

5 (b) The Attorney General shall establish a complaint process whereby an aggrieved
6 patient or any member of the public may file a complaint against a medical creditor or debt
7 collector who violates any provision of this Article. All complaints shall be considered public
8 records pursuant to Chapter 132 of the General Statutes with the exception of the complainant's
9 name, address, or other personal identifying information.

10 **"§ 131E-214.40. Annual reports and database.**

11 (a) On or before July 1 of each year, beginning July 2023, each large health care facility
12 shall file its MDMP and an annual report with the Department of Health and Human Services
13 pursuant to procedures that the Department shall establish. If the health care facility is required
14 to report to the Department under G.S. 131E-214.14, that health care facility does not need to
15 submit separate reports to satisfy each reporting requirement; the health care facility may submit
16 one report, so long as the report contains all of the information required under this Article and
17 G.S. 131E-214.14.

18 (b) The Department shall post each report and MDMP in a searchable database accessible
19 on the internet.

20 (c) An annual consolidated report shall be prepared by the Department and made
21 available to the public. These reports shall include the following information for the time period
22 of July 1 of the prior year to July of that year:

23 (1) The total number of patients who applied for financial assistance.

24 (2) The total number of patients who received financial assistance.

25 (3) The total amount of financial assistance provided to patients.

26 (d) Any large health care provider that retains or initiates the process to retain a patient's
27 State tax refund through setoff prescribed by Chapter 105A of the General Statutes or other
28 provision of State law shall report no later than July 1 of each year to the Revenue Laws Study
29 Committee the number of patients eligible for setoff, the total debt owed by the eligible patients,
30 the number of pending setoff actions, the amount expected to be recovered, and the amount of
31 debt expected to be charged off.

32 **"§ 131E-214.41. Severability.**

33 Should a court decide that any provision of this Article is unconstitutional, preempted, or
34 otherwise invalid, that provision shall be severed and shall not affect the validity of the Article
35 other than the part severed.

36 **"§ 131E-214.42. Exemptions.**

37 Federally qualified health centers, as defined by section 1396d (i)(2)(B) of Title 42 of the
38 United States Code, are exempt from G.S. 131E-214.23 through 131E-214.26, 131E-214.28, and
39 131E-214.40."

40 **SECTION 2.** To the extent this act is in conflict with G.S. 131E-91, 131E-99, or
41 131E-147.1, this act shall control.

42 **SECTION 3.** There is appropriated from the General Fund to the Department of
43 Health and Human Services for the 2023-2024 fiscal year the sum of one hundred thousand
44 dollars (\$100,000) in recurring funds to facilitate the Department in administering the collection
45 of Medical Debt Mitigation Policies and annual reports and making those policies and reports
46 available to the public online.

47 **SECTION 4.** This act becomes effective October 1, 2023, and applies to medical
48 debt collection activities occurring after that date.