

GENERAL ASSEMBLY OF NORTH CAROLINA  
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40726-NHa-6

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

Sponsors: Representative Goodwin.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ADOPT THE PRO-FAMILY, PRO-CONSUMER MEDICAL DEBT  
3 PROTECTION ACT TO SET TRANSPARENT PARAMETERS AROUND THE  
4 PROVISION OF FINANCIAL ASSISTANCE FOR IMPOVERISHED FAMILIES AND  
5 LIMIT THE ABILITY OF LARGE MEDICAL FACILITIES TO CHARGE  
6 UNREASONABLE INTEREST RATES AND EMPLOY UNFAIR TACTICS IN DEBT  
7 COLLECTION, AS REQUESTED BY THE NORTH CAROLINA DEPARTMENT OF  
8 STATE TREASURER.

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.** Chapter 131E of the General Statutes is amended by adding the  
11 following new Article to read:

12 "Article 11C.

13 "Medical Debt Protection Act.

14 **"§ 131E-214.21. Purpose.**

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

20 **"§ 131E-214.22. Definitions.**

21 The following definitions apply in this Article:

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



\* D R H 4 0 7 2 6 - N H A - 6 \*

- 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(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) Use 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 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 proscribed 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       **SECTION 2.** To the extent this act is in conflict with G.S. 131E-91, 131E-99, or  
37 131E-147.1, this act shall control.

38       **SECTION 3.** There is appropriated from the General Fund to the Department of  
39 Health and Human Services for the 2022-2023 fiscal year the sum of one hundred thousand  
40 dollars (\$100,000) in recurring funds to facilitate the Department in administering the collection  
41 of Medical Debt Mitigation Policies and annual reports and making those policies and reports  
42 available to the public online.

43       **SECTION 4.** This act becomes effective October 1, 2022, and applies to medical  
44 debt collection activities occurring after that date.