

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6754

BILL NUMBER: SB 276

NOTE PREPARED: Jan 8, 2024

BILL AMENDED:

SUBJECT: Health Care Debt and Costs.

FIRST AUTHOR: Sen. Qaddoura

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Billing Practice:* The bill adds a new chapter to the Indiana Code governing hospitals' billing practices and financial disclosures to patients.

Garnishment: It provides that the unpaid earnings of a consumer who resides in Indiana may not, at any time, be attached by garnishment in satisfaction of: (1) any amount of health care debt owed or alleged to be owed by the consumer; or (2) in an action against the consumer in which a judgment has been entered, any amount of the judgment that represents health care debt determined to be owed by the consumer.

Consumer Reporting: The bill also prohibits a health care provider from reporting or furnishing to a consumer reporting agency any information related to health care debt owed or alleged to be owed by a consumer who resides in Indiana.

It defines a "third party furnisher" as a person that regularly and in the ordinary course of business furnishes to consumer reporting agencies information about the transactions and experiences of health care providers with consumers, including information regarding delinquent account actions. The bill requires a health care provider to include in any contract entered into with a third party furnisher a provision that prohibits the reporting or furnishing to a consumer reporting agency any information related to health care debt owed or alleged to be owed by a consumer, including information concerning any delinquent account action taken with respect to health care debt.

The bill provides that if information related to health care debt is reported to a consumer reporting agency in violation of these provisions: (1) the consumer who owes or is alleged to owe the health care debt is relieved from any liability to pay the amount of health care debt reported; and (2) the health care provider

and any third party furnisher engaged by the health care provider before or after the reporting of the information may not collect or pursue the collection of the amount reported.

Consumer Reporting Agency: The bill prohibits a consumer reporting agency from recording or retaining in the file of a consumer any information that is: (1) related to health care debt incurred or alleged to be incurred by the consumer; and (2) reported to the consumer reporting agency after June 30, 2024. It provides that if a consumer reporting agency receives a request from a consumer to delete any record of health care debt maintained in the file of the consumer, the consumer reporting agency shall, not later than five business days after receiving the request, take all lawful and reasonable actions to delete from the consumer's file the record of the health care debt, regardless of when the health care debt was reported to the consumer reporting agency.

Collections: The bill prohibits a health care provider from: (1) charging or collecting interest on the unpaid balances of health care debt at a rate that exceeds an annual rate of 9%; or (2) initiating any delinquent account action with respect to health care debt during the pendency of an appeal by the consumer for the denial of insurance or other third party coverage for the health care services, products, or devices with respect to which the health care debt was incurred.

Credit Eligibility: The bill prohibits a creditor from obtaining or using a consumer's medical information in connection with any determination of the consumer's eligibility, or continued eligibility, for credit, as required under the federal Fair Credit Reporting Act.

Violations: The bill provides that a person that violates these provisions commits a deceptive act that is actionable only by the Attorney General under the Indiana statute concerning deceptive consumer sales.

Adverse Claims: The bill amends the statute concerning adverse claims against deposit accounts to prohibit a depository financial institution that receives notice of an adverse claim based on health care debt owed or alleged to be owed by a consumer from: (1) recognizing the adverse claim in any manner; or (2) placing a hold on, or otherwise restricting withdrawal of funds from, a deposit account in which the consumer who is the subject of the adverse claim has an interest.

Liens: This bill provides that: (1) any amount of health care debt owed or alleged to be owed by a consumer; or (2) in an action against a consumer in which a judgment has been entered, any amount of the judgment that represents health care debt determined to be owed by the consumer; does not constitute a lien against the consumer's principal residence or against certain personal property of the consumer.

Courts: The bill provides that in any action filed, in a court of competent jurisdiction in Indiana, for the recovery of health care debt owed or alleged to be owed by a consumer, the court does not have and shall not entertain jurisdiction in any: (1) action of attachment against the real or personal property of the consumer; or (2) action of garnishment; upon, or any time after, the filing of the complaint in the action.

Attachments: It also provides that in any action filed, in a court of competent jurisdiction in Indiana, for the recovery of health care debt owed or alleged to be owed by a consumer, the principal residence of the consumer is not liable to judgment or attachment or to be sold on execution against the consumer.

Effective Date: Upon passage; July 1, 2024.

Explanation of State Expenditures: *State Hospitals:* State hospitals may have one-time costs to provide

new signs. Additionally, the state hospitals will have additional workload and ongoing personnel needs to determine and notify a person of eligibility for a charity care programs operated by the hospital prior to billing the person.

Deceptive Acts: This bill adds to the list of unfair and deceptive acts that are actionable by the Attorney General (AG). To the extent the AG enforces provisions of this bill, agency workload would increase to investigate and potentially prosecute allegations. Increases in AG workload are expected to be accomplished within existing resource and funding levels.

Explanation of State Revenues: *State Hospitals:* The impact on state hospitals' revenue is indeterminate. Revenue may be reduced by the bill's provisions limiting debt collection practices and the limit on unpaid hospital debt at 9% annually. To the extent state hospital costs are covered by a person utilizing a program identified by the state hospital, debt recovery or a write off may be reduced.

Deceptive Acts: Unfair and deceptive acts discovered by the AG carry a maximum \$5,000 civil penalty for each violation, which is deposited in the General Fund. If this bill increases the number of unfair and deceptive acts discovered in the state, revenue to the General Fund will increase from civil penalties paid by violators. Actual increases in revenue are unknown but expected to be small.

Court Fee Revenue: If the Attorney General files additional civil cases and prevails, court fee revenue to the state General Fund will increase. The total revenue per case would range between \$100 and \$122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: Court fees imposed in civil, probate, and small claims cases.

Explanation of Local Expenditures: Locally owned hospitals and ambulance services will have increased costs. [See *Explanation of State Expenditures.*]

Explanation of Local Revenues: The bill will have indeterminate fiscal impact on locally owned hospitals and ambulance services. [See *Explanation of State Revenues.*]

Court Fee Revenue: If additional cases occur, revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

State Agencies Affected: Attorney General.

Local Agencies Affected: Locally owned hospitals and ambulance services.

Information Sources:

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