

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 1039

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

Sponsors: Representatives Goodwin, Hanig, Hunter, and Richardson (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

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

May 26, 2022

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, AS REQUESTED BY THE NORTH CAROLINA DEPARTMENT OF STATE TREASURER.

The General Assembly of North Carolina enacts:

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

"Article 11C.

"Medical Debt Protection Act.

**"§ 131E-214.21. Purpose.**

This Article shall be known and 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 to be construed as 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 at 42 U.S.C. § 300gg-19, a review pursuant to 29 U.S.C. § 1133, a



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

- 1                    b. Any outpatient clinic or facility affiliated with a hospital or operating  
2                    under the license of a hospital described in sub-subdivision a. of this  
3                    subdivision.
- 4                    c. Any ambulatory surgical center licensed under this Chapter.
- 5                    d. Any practice which provides outpatient medical, behavioral, optical,  
6                    radiology, laboratory, dental, or other health care services with  
7                    revenues of at least twenty million dollars (\$20,000,000) annually and  
8                    is licensed under this Chapter or has medical providers performing  
9                    health care services pursuant to a license issued under Chapter 90 of  
10                   the General Statutes.
- 11                   e. Any licensed health care professional who provides health care  
12                   services in one or more of the settings listed in sub-subdivisions a.  
13                   through d. of this subdivision and bills patients independently.
- 14                   (10) Medical creditor. – Any entity that provides health care services and to whom  
15                   the consumer owes money for health care services, or the entity that provided  
16                   health care services and to whom the consumer previously owed money if the  
17                   medical debt has been purchased by one or more debt buyers.
- 18                   (11) Medical debt. – A debt arising from the receipt of health care services.
- 19                   (12) Medical debt buyer. – A person or entity that is engaged in the business of  
20                   purchasing medical debts for collection purposes, whether it collects the debt  
21                   itself or hires a third party for collection or an attorney-at-law for litigation in  
22                   order to collect such debt.
- 23                   (13) Medical debt collector. – Any person that regularly collects or attempts to  
24                   collect, directly or indirectly, medical debts originally owed or due or asserted  
25                   to be owed or due another. A medical debt buyer is considered to be a medical  
26                   debt collector for all purposes.
- 27                   (14) Medical debt mitigation policy (MDMP). – A written financial assistance  
28                   policy which includes:
- 29                   a. Eligibility criteria for financial assistance, including when such  
30                   assistance includes free or discounted care.
- 31                   b. The basis for calculating amounts charged to patients.
- 32                   c. The method for applying for financial assistance.
- 33                   d. The billing and collections policy containing the actions the covered  
34                   health care provider may take in the event of nonpayment, including  
35                   collections action and reporting to credit agencies.
- 36                   e. Measures to widely publicize the policy within the community to be  
37                   served by the covered health care provider.
- 38                   (15) Patient. – The person who received health care services, and for the purposes  
39                   of this Article shall include a parent if the patient is a minor, or a legal guardian  
40                   if the patient is an adult under guardianship.
- 41                   **"§ 131E-214.23. Medical debt mitigation policy for large health care facilities.**
- 42                   (a) All large health care facilities are required to develop a written MDMP that complies  
43                   with this Article and any implementing rules. This requirement shall apply whether or not the  
44                   large health care facility is required to develop a financial assistance policy under 26 U.S.C. §  
45                   501(r)(4) and implementing regulations.
- 46                   (b) The MDMP must, at a minimum, include the following:
- 47                   (1) A written financial assistance policy that applies to all emergency and other  
48                   medically necessary health care services offered by the covered health care  
49                   provider.
- 50                   (2) A plain language summary of the financial assistance policy, which shall not  
51                   exceed two pages in length.

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

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

14          **"§ 131E-214.24. Implementation of the medical debt mitigation policy.**

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

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

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

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

- 1                   e.       Any amount above ten thousand dollars (\$10,000) shall be provided to  
2                               the patient as free care.
- 3           (3)       Patients with household income of more than four hundred percent (400%) up  
4                   to six hundred percent (600%) of the federal poverty level shall receive the  
5                   same discounts as patients with household income of more than two hundred  
6                   percent (200%) up to four hundred percent (400%) of the federal poverty level  
7                   if the patient or the patient's household has incurred medical expenses from  
8                   the current large health care facility's bill and all other medical bills for  
9                   medically necessary health care services received during the previous 12  
10                  months which in total exceed ten percent (10%) of the household's income.
- 11           (4)       In addition to other financial assistance provided under this Article, no patient  
12                   with household income at or below four hundred percent (400%) of the federal  
13                   poverty level shall be required to pay more than two thousand three hundred  
14                   dollars (\$2,300) in cumulative medical bills to large health care facilities per  
15                   year. Upon patient request and documentation, any health care services that  
16                   have been delivered by one or more large health care facilities after the two  
17                   thousand three hundred dollar (\$2,300) limit has been met must be provided  
18                   as free care.
- 19           (c)       Establishing Eligibility. – The following are acceptable methods for establishing  
20                   eligibility for financial assistance:
- 21                   (1)       Household income shall be established by the most recent tax return unless  
22                   the patient chooses to submit pay stubs, documentation of public assistance,  
23                   or documentation of household income which the Office of the State Treasurer  
24                   has identified as a valid form of documentation for the purposes of this Article.  
25                   If the large health care facility requires any other documentation, it shall list  
26                   the documentation requirements in its MDMP as required by  
27                   G.S. 131E-214.23(5).
- 28                   (2)       If the large health care facility uses a consumer report, as defined in section  
29                   603(d) of the Fair Credit Reporting Act, 15 U.S.C. § 1681a(d), or any score  
30                   or rating based on consumer report information, the facility shall obtain the  
31                   consumer's consent for such use and shall comply with all applicable  
32                   provisions of this Article.
- 33                   (3)       A large health care facility may grant financial assistance notwithstanding a  
34                   patient's failure to provide one of the required forms of documentation  
35                   described in the financial assistance policy or application form and may rely  
36                   on, but not require, other evidence of eligibility. A large health care facility  
37                   may grant financial assistance based on a determination of presumptive  
38                   eligibility relying on information in the facility's possession but shall not  
39                   presumptively deny an application based on such other evidence.
- 40           (d)       If a large health care facility receives an application for financial assistance from a  
41                   patient, the facility shall notify the patient in writing within 30 days whether it has approved or  
42                   denied the application. The large health care facility shall provide a copy of any recalculated bill  
43                   and calculation of financial assistance provided to the patient.
- 44           (e)       A large health care facility shall accept and consider a patient's application for  
45                   financial assistance if it is submitted within one year of the date of the first bill after the provision  
46                   of the health care services. However, if the patient is the subject of collection activity by the  
47                   facility or a medical debt collector, including a lawsuit to collect a medical debt or negative credit  
48                   reporting regarding a medical debt, and submits an application for financial assistance, the large  
49                   health care facility shall accept and process the application at any time. If the patient submits a  
50                   financial assistance application to a medical debt collector, the medical debt collector shall  
51                   forward the application to the large health care facility within two business days and shall cease

1 collection activity until notified by the large health care facility of the outcome of the application  
2 and any debt forgiven or new repayment terms.

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

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

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

12 **"§ 131E-214.25. Medical debt mitigation policy: public education and information.**

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

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

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

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

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

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

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

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

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

49 **"§ 131E-214.26. Medical debt mitigation policy: language access.**

50 (a) An MDMP shall include a notice that states: "This document contains important  
51 information about financial assistance for your bill. Contact [insert name and phone number of

1 large health care facility] for translation assistance," translated in the 10 languages most  
2 frequently spoken by limited English proficient households as determined by U.S. Census Bureau  
3 data in the large health care facility's service area.

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

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

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

23 **"§ 131E-214.27. Billing and collections rules; limits on creditors.**

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

- 26 (1) Causing an individual's arrest.
- 27 (2) Causing an individual to be held in civil contempt or imprisoned under  
28 G.S. 5A-21 or G.S. 1-302 if the only reason supporting the contempt is the  
29 debtor's failure to pay a judgment for medical debt.
- 30 (3) Foreclosing on an individual's real property.
- 31 (4) Garnishing wages or State income tax refunds, except for those health care  
32 providers that have a duty to set off a State tax refund under Chapter 105A of  
33 the General Statutes.

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

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

- 38 (1) In the case of large health care facilities and medical debt collectors collecting  
39 debt for health care services provided by such facilities, stating that financial  
40 assistance is available for eligible individuals and providing a plain-language  
41 summary of the MDMP.
- 42 (2) Identifying the extraordinary collection actions that will be initiated in order  
43 to obtain payment.
- 44 (3) Providing a deadline after which such extraordinary collection actions will be  
45 initiated, which date is no earlier than 30 days after the date of the notice.

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

49 (e) If a large health care facility or a medical debt collector collecting debt for health care  
50 services provided by such a facility bills or initiates collection activities and the patient is later

1 found eligible for financial assistance, the large health care facility or medical debt collector shall  
2 reverse any extraordinary collection actions, including:

- 3 (1) Deleting any negative reports to consumer reporting agencies.
- 4 (2) Dismissing or vacating any collection lawsuits over the medical debt.
- 5 (3) Removing any wage garnishment orders.

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

10 **"§ 131E-214.28. Price information.**

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

- 14 (1) A list of gross charges for all health care services.
- 15 (2) Next to the relevant gross charge, a list of the amounts that Medicare would  
16 reimburse for the health care service.
- 17 (3) Use plain-language titles or descriptions of health care services that can be  
18 understood by the average consumer.

19 **"§ 131E-214.29. Liability for medical debt.**

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

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

- 25 (1) Be on a separate standalone document signed by the person.
- 26 (2) Not be solicited in an emergency room or during an emergency situation.
- 27 (3) Not be required as a condition of providing any emergency or nonemergency  
28 health care services.

29 **"§ 131E-214.30. Verification.**

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

- 33 (1) The name and address of the medical creditor.
- 34 (2) The dates of service.
- 35 (3) The dates the medical debts were incurred, if different from the dates of  
36 service.
- 37 (4) A detailed list of the specific health care services provided to the patient.
- 38 (5) A list of all health care professionals who treated the patient.
- 39 (6) The amount of principal for any medical debts incurred.
- 40 (7) Any adjustment to the bill, including negotiated insurance rates or other  
41 discounts.
- 42 (8) The amount of any payments received, whether from the patient or any other  
43 party.
- 44 (9) Any interest or fees.
- 45 (10) Whether the patient was screened for financial assistance.
- 46 (11) Whether the patient was found eligible for financial assistance, and if so, the  
47 amount due after all financial assistance has been applied to the itemized bill.

48 **"§ 131E-214.31. Medical debt and consumer reporting agencies.**

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



1       **(b) After the one-year period described in subsection (a) of this section, medical creditors**  
2 **and medical debt collectors must give consumers at least one additional bill before reporting a**  
3 **medical debt to any consumer reporting agency. The amount reported to the consumer reporting**  
4 **agency must be the same as the amount stated in the bill, and the bill shall state that the debt is**  
5 **being reported to a consumer reporting agency. Medical debt collectors shall also provide the**  
6 **notice required by 15 U.S.C. § 1692g before reporting a debt to a consumer reporting agency.**

7 **"§ 131E-214.32. Prohibition against collection of medical debt during health insurance**  
8 **appeals.**

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

12           **(1) Provide information relative to unpaid charges for health care services to a**  
13 **consumer reporting agency.**

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

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

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

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

27 **"§ 131E-214.33. Interest on medical debt.**

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

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

41 **"§ 131E-214.34. Medical debt payment plans.**

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

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

50       **(c) A medical debt payment plan may be accelerated or declared in default or no longer**  
51 **operative due to nonpayment only after the patient fails to make scheduled payments on the**

1 payment plan for at least three consecutive months. Before declaring the payment plan no longer  
2 operative, the medical creditor or medical debt collector shall make at least three reasonable  
3 attempts to contact the patient by telephone or other method preferred by the patient.  
4 Additionally, notice must be provided in writing that the payment plan may become inoperative  
5 and informing the patient of the opportunity to renegotiate the payment plan. Prior to the payment  
6 plan being declared inoperative, the medical creditor shall attempt to renegotiate the terms of the  
7 defaulted payment plan, if requested by the patient. The medical creditor shall not report adverse  
8 information to a consumer credit reporting agency or commence a civil action against the patient  
9 or responsible party for nonpayment until at least 60 days after the payment plan is declared to  
10 be no longer operative. For purposes of this section, the notice and telephone call to the patient  
11 may be made to the last known telephone number and address of the patient.

12 **"§ 131E-214.35. Receipts for payments.**

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

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

25 **"§ 131E-214.36. Debt forgiven by medical center.**

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

29 **"§ 131E-214.37. Private remedy.**

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

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

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

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

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

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

50 **"§ 131E-214.38. Prohibition of waiver of rights.**

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

4 **"§ 131E-214.39. Enforcement.**

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

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

14 **"§ 131E-214.40. Annual reports and database.**

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

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

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

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

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

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

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

36 **"§ 131E-214.41. Severability.**

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

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 2022-2023 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, 2022, and applies to medical  
48 debt collection activities occurring after that date.