

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2346 - SB 2700

March 6, 2020

**SUMMARY OF BILL:** Creates the *Medical Debt Protection Act*. Requires a complaint filed in a lawsuit for the collection of a medical debt to contain a sworn signature of the medical care provider, healthcare facility employee, or custodian of medical billing records, and shall not contain the signature of an agent or employee of a collection agency or other third party.

Prohibits an arrest warrant from being issued or executed, and no other action taken, to arrest a medical debtor, unless the act or failure to act constitutes an offense under state law.

Creates certain protections for medical debtor's including: (1) any real property owned by a medical debtor and used by the debtor as the debtor's principal place of residence is not subject to execution, attachment, foreclosure sale, or other legal proceedings; (2) any motor vehicle owned or operated by a medical debtor and used by the debtor as the debtor's principal means of transportation is not subject to execution, seizure, or attachment; (3) prohibits garnishment of wages in certain circumstances; and (4) sets standards regarding judgements on medical debt.

Establishes that, if a medical debtor's total household income is less than 400 percent of federal poverty guidelines, the medical debtor's wages and salary are not subject to garnishment.

Prohibits, upon the receipt of reasonable evidence from the medical debtor, creditor, or collector that a medical debt has been settled in full or paid in full, a consumer reporting agency from reporting that debt and requires them to remove or suppress the report of that medical debt on the debtor's consumer report.

Prohibits a healthcare provider or facility from bringing a legal action or selling or assigning medical debt to any licensed collection agency until the expiration of at least 120 days after the initial medical bill has been delivered to the medical debtor or other responsible party.

Requires a healthcare provider or facility to conduct a screening to determine if a patient qualifies for financial assistance with payment of medical costs and provide a copy of the financial assistance policy to the patient along with an application for financial assistance.

Prohibits a medical debtor from attempting to collect a debt from a debtor's child or other family member who is not otherwise financially responsible for the medical debt under state law.

States, notwithstanding any other law to the contrary, the applicable statute of limitations to file a lawsuit to collect a medical debt is three years from the date on which the initial medical bill was delivered to the medical debtor or other responsible party.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact - Due to multiple unknown factors, an exact fiscal impact cannot be determined.**

Assumptions:

- The proposed legislation will not result in a significant increase in caseloads for the state and local courts. Any increase in expenditures will be absorbed within existing state and local resources.
- According to the Department of Finance and Administration, wage garnishments do not indicate the type of debt an individual has accrued.
- Due to multiple unknown factors, such as how many individuals wages are being garnished for medical debt and how many would meet the criteria in the proposed legislation, an exact fiscal impact cannot be determined.

**IMPACT TO COMMERCE:**

**Other Commerce Impact – Due to multiple unknown factors, an exact commerce impact cannot be reasonably determined.**

Assumption:

- Due to multiple unknown factors, such as how many individuals have medical debt, what their income is, how much debt they have, whether or not their wages are being garnished, and what type of judgements will be issued, an exact impact to commerce and jobs cannot be reasonably determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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