General Assembly

Raised Bill No. 395

February Session, 2024

LCO No. 2684

Referred to Committee on HUMAN SERVICES

Introduced by:

(HS)

AN ACT CONCERNING MEDICAID BUDGETING METHODS AND THE REPORTING OF MEDICAL DEBT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (Effective July 1, 2024) (a) As used in this section:

(1) "Medical debt" means an obligation or alleged obligation of a consumer to pay any amount related to the receipt of health care services, products or devices provided to such consumer by a health care provider. Medical debt does not include debt charged to a credit card unless the credit card is issued under an open-end or closed-end plan offered specifically for the payment of health care services, products or devices.

(2) "Collection entity" means any individual, partnership, corporation, trust, estate, cooperative, association, government or government subdivision, agency or other entity that either purchases medical debt or collects medical debt on behalf of another entity.

(3) "Credit rating agency" and "credit report" have the same meanings as provided in section 36a-695 of the general statutes.
(4) "Health care provider" has the same meaning as provided in section 19a-17b of the general statutes.

(b) A health care provider doing business in this state (1) shall not report any portion of a medical debt to a credit rating agency for use in a credit report, and (2) shall include in any contract entered into with a collection entity for the purchase or collection of medical debt a provision that prohibits the reporting of any portion of such medical debt to a credit rating agency.

(c) Any portion of a medical debt that is reported to a credit rating agency shall be void.

Sec. 2. Subsection (c) of section 19a-673b of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2024):

(c) On or after October 1, 2022, no hospital or entity that is owned by or affiliated with such hospital, as defined in section 19a-490, and no collection agent, as defined in section 19a-509b, that receives a referral from a hospital or entity that is owned by or affiliated with such hospital, shall:

(1) [Report] On and after July 1, 2024, report an individual patient to a credit rating agency, as defined in section 36a-695; [for a period of one year beginning on the date that such patient first receives a bill for health care provided by the hospital or entity that is owned by or affiliated with such hospital to such patient on or after October 1, 2022;]

(2) Initiate an action to foreclose a lien on an individual patient's primary residence if the lien was filed to secure payment for health care provided by the hospital or entity that is owned by or affiliated with such hospital to such patient on or after October 1, 2022; or

(3) Apply to a court for an execution against an individual patient's wages pursuant to section 52-361a, or otherwise seek to garnish such patient's wages, to collect payment for health care provided by the
hospital or entity that is owned by or affiliated with such hospital to such patient on or after October 1, 2022, if such patient is eligible for the hospital bed fund.

Sec. 3. (NEW) (Effective July 1, 2024) To the extent permissible under federal law, the Commissioner of Social Services may reduce or withhold Medicaid funding for any health care provider that violates the provisions of section 1 of this act and contracts with the commissioner to provide Medicaid-funded services.

<table>
<thead>
<tr>
<th>Section</th>
<th>Effective Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>Section 1</td>
<td>July 1, 2024</td>
<td>New section</td>
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<tr>
<td>Sec. 2</td>
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<td>19a-673b(c)</td>
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<tr>
<td>Sec. 3</td>
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<td>New section</td>
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**Statement of Purpose:**
To prohibit the reporting of medical debt to credit rating agencies and impose penalties via reduction or withdrawal of Medicaid funds to the extent permissible under federal law.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]