

HOUSE BILL 2346

By Clemmons

AN ACT to amend Tennessee Code Annotated, Title 29;
Title 47; Title 63; Title 68 and Title 71, relative to
medical debts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 29, is amended by adding Sections 2 through 15 as a new chapter.

SECTION 2. This chapter shall be known and may be cited as the "Medical Debt Protection Act".

SECTION 3. As used in this chapter, "medical debt" means any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance, or services that are the subject of the transaction are primarily for health care or medical-related purposes, whether such obligation has been reduced to judgment or has been defaulted.

SECTION 4.

(a) A complaint filed in any lawsuit for the collection of a medical debt must 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.

(b) A copy of the most recent medical bill and proof of delivery of the bill to the medical debtor must be attached as an exhibit to the complaint.

(c) The complaint must be served personally upon the medical debtor or a person otherwise qualified under law to accept service on behalf of the debtor.

SECTION 5. An arrest warrant shall not be issued or executed, and no other action shall be taken, to arrest a medical debtor, unless the act or failure to act constitutes an offense under state law.

SECTION 6. 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.

SECTION 7. 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.

SECTION 8.

(a) If a medical debtor's total household income is less than four hundred percent (400%) of federal poverty guidelines, then the medical debtor's wages and salary are not subject to garnishment.

(b) The maximum part of the aggregate disposable earnings of a medical debtor for any workweek that is subjected to garnishment shall not exceed fifteen percent (15%) of the disposable earnings for that week. In the case of earnings for any pay period other than a week, an equivalent amount shall be in effect.

SECTION 9. The maximum effective rate of interest for medical debt is the rate of interest equal to the weekly average one-year treasury yield, but not less than two percent (2%) per annum nor more than five percent (5%) per annum, as published by the board of governors of the federal reserve system, for the calendar week preceding the date on which a medical debtor received an initial bill. This rate of interest applies to any judgments on medical debt, notwithstanding any law or agreement to the contrary.

SECTION 10. A medical debt shall not be reported to a consumer reporting agency until the expiration of one (1) year after the date of delivery of the initial medical bill to the consumer. Upon expiration of the one-year period, medical creditors and medical debt collectors shall provide the medical debtor at least one (1) additional medical bill before reporting a medical

debt to any consumer reporting agency. The amount reported on each medical bill must be identical to the amount stated in the final medical bill, and the bill must state that the medical debt is being reported to a consumer reporting agency. Medical debt collectors shall provide notice required by 15 U.S.C. § 1692g prior to reporting a medical debt to a consumer reporting agency.

SECTION 11. 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 shall not report that debt and shall remove or suppress the report of that medical debt on the debtor's consumer report.

SECTION 12. A healthcare provider or facility shall not bring a legal action or sell or assign medical debt to any licensed collection agency until the expiration of at least one hundred twenty (120) days after the initial medical bill has been delivered to the medical debtor or other responsible party.

SECTION 13. A healthcare provider or facility shall 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.

SECTION 14. A medical debtor shall not attempt 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.

SECTION 15. Notwithstanding any other law to the contrary, the applicable statute of limitations to file a lawsuit to collect a medical debt is three (3) years from the date on which the initial medical bill was delivered to the medical debtor or other responsible party.

SECTION 16. This act shall take effect upon becoming a law, the public welfare requiring it.