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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **1814**

02/15/2023 Authored by Reyer and Sencer-Mura
The bill was read for the first time and referred to the Committee on Health Finance and Policy
03/20/2024 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to health; modifying provisions governing medical debt; establishing
1.3 requirements for billing and payment for miscoded health treatments and services;
1.4 prohibiting certain practices related to collecting medical debt; providing for
1.5 enforcement; amending Minnesota Statutes 2022, sections 334.01, by adding a
1.6 subdivision; 519.05; Minnesota Statutes 2023 Supplement, sections 144.587,
1.7 subdivisions 1, 4; 270A.03, subdivision 2; proposing coding for new law in
1.8 Minnesota Statutes, chapters 62J; 332; proposing coding for new law as Minnesota
1.9 Statutes, chapter 332C.

1.10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.11 Section 1. 62J.805 **DEFINITIONS.**

1.12 Subdivision 1. Application. For purposes of sections 62J.805 to 62J.808, the following
1.13 terms have the meanings given.

1.14 Subd. 2. Group practice. "Group practice" has the meaning given to health care provider
1.15 group practice in section 145D.01, subdivision 1.

1.16 Subd. 3. Health care provider. "Health care provider" means:

1.17 (1) a health professional who is licensed or registered by the state to provide health
1.18 treatments and services within the professional's scope of practice and in accordance with
1.19 state law;

1.20 (2) a group practice; or

1.21 (3) a hospital.

1.22 Subd. 4. Health plan. "Health plan" has the meaning given in section 62A.011,
1.23 subdivision 3.

2.1 Subd. 5. **Hospital.** "Hospital" means a health care facility licensed as a hospital under
2.2 sections 144.50 to 144.56.

2.3 Subd. 6. **Medically necessary.** "Medically necessary" means:

2.4 (1) safe and effective;

2.5 (2) not experimental or investigational, except as provided in Code of Federal Regulations,
2.6 title 42, section 411.15(o);

2.7 (3) furnished in accordance with acceptable medical standards of medical practice for
2.8 the diagnosis or treatment of the patient's condition or to improve the function of a malformed
2.9 body member;

2.10 (4) furnished in a setting appropriate to the patient's medical need and condition;

2.11 (5) ordered and furnished by qualified personnel;

2.12 (6) meets, but does not exceed, the patient's medical need; and

2.13 (7) is at least as beneficial as an existing and available medically appropriate alternative.

2.14 Subd. 7. **Miscode.** "Miscode" means a health care provider or a health care provider's
2.15 designee, using a coding system and for billing purposes, assigns a numeric or alphanumeric
2.16 code to a health treatment or service provided to a patient and the code assigned does not
2.17 accurately reflect the health treatment or service provided based on factors that include the
2.18 patient's diagnosis and the complexity of the patient's condition.

2.19 Subd. 8. **Payment.** "Payment" includes co-payments and coinsurance and deductible
2.20 payments made by a patient.

2.21 **Sec. 2. [62J.806] POLICY FOR COLLECTION OF MEDICAL DEBT.**

2.22 Subdivision 1. **Requirement.** Each health care provider must make available to the
2.23 public the health care provider's policy for the collection of medical debt from patients. This
2.24 policy must be made available by:

2.25 (1) clearly posting it on the health care provider's website or, for health professionals,
2.26 on the website of the health clinic, group practice, or hospital at which the health professional
2.27 is employed or under contract; and

2.28 (2) providing a copy of the policy to any individual who requests it.

2.29 Subd. 2. **Content.** A policy made available under this section must at least specify the
2.30 procedures followed by the health care provider for:

3.1 (1) communicating with patients about the medical debt owed and collecting medical
3.2 debt;

3.3 (2) referring medical debt to a collection agency or law firm for collection; and

3.4 (3) identifying medical debt as uncollectible or satisfied, and ending collection activities.

3.5 **Sec. 3. [62J.807] DENIAL OF HEALTH TREATMENTS OR SERVICES DUE TO**
3.6 **OUTSTANDING MEDICAL DEBT.**

3.7 (a) A health care provider must not deny medically necessary health treatments or services
3.8 to a patient or any member of the patient's family or household because of outstanding
3.9 medical debt owed by the patient or any member of the patient's family or household to the
3.10 health care provider, regardless of whether the health treatment or service may be available
3.11 from another health care provider.

3.12 (b) As a condition of providing medically necessary health treatments or services in the
3.13 circumstances described in paragraph (a), a health care provider may require the patient to
3.14 enroll in a payment plan for the outstanding medical debt owed to the health care provider.

3.15 **Sec. 4. [62J.808] BILLING AND PAYMENT FOR MISCODED HEALTH**
3.16 **TREATMENTS AND SERVICES.**

3.17 Subdivision 1. **Participation and cooperation required.** Each health care provider
3.18 must participate in, and cooperate with, all processes and investigations to identify, review,
3.19 and correct the coding of health treatments and services that are miscoded by the health
3.20 care provider or a designee.

3.21 Subd. 2. **Notice; billing and payment during review.** (a) When a health care provider
3.22 receives notice, other than notice from a health plan company as provided in paragraph (b),
3.23 or otherwise determines that a health treatment or service may have been miscoded, the
3.24 health care provider must notify the health plan company administering the patient's health
3.25 plan in a timely manner of the potentially miscoded health treatment or service.

3.26 (b) When a health plan company receives notice, other than notice from a health care
3.27 provider as provided in paragraph (a), or otherwise determines that a health treatment or
3.28 service may have been miscoded, the health plan company must notify the health care
3.29 provider who provided the health treatment or service of the potentially miscoded health
3.30 treatment or service.

3.31 (c) When a review of a potentially miscoded health treatment or service is commenced,
3.32 the health care provider and health plan company must notify the patient that a miscoding

4.1 review is being conducted and that the patient will not be billed for any health treatment or
4.2 service subject to the review and is not required to submit payments for any health treatment
4.3 or service subject to the review until the review is complete and any miscoded health
4.4 treatments or services are correctly coded.

4.5 (d) While a review of a potentially miscoded health treatment or service is being
4.6 conducted, the health care provider and health plan company must not bill the patient for,
4.7 or accept payment from the patient for, any health treatment or service subject to the review.

4.8 Subd. 3. **Billing and payment after completion of review.** The health care provider
4.9 and health plan company may bill the patient for, and accept payment from the patient for,
4.10 the health treatment or service that was subject to the miscoding review only after the review
4.11 is complete and any miscoded health treatments or services have been correctly coded.

4.12 Sec. 5. Minnesota Statutes 2023 Supplement, section 144.587, subdivision 1, is amended
4.13 to read:

4.14 Subdivision 1. **Definitions.** (a) The terms defined in this subdivision apply to this section
4.15 and sections 144.588 to 144.589.

4.16 (b) "Charity care" means the provision of free or discounted care to a patient according
4.17 to a hospital's financial assistance policies.

4.18 (c) "Hospital" means a private, nonprofit, or municipal hospital licensed under sections
4.19 144.50 to 144.56.

4.20 (d) "Insurance affordability program" has the meaning given in section 256B.02,
4.21 subdivision 19.

4.22 (e) "Navigator" has the meaning given in section 62V.02, subdivision 9.

4.23 (f) "Presumptive eligibility" has the meaning given in section 256B.057, subdivision
4.24 12.

4.25 ~~(g) "Revenue recapture" means the use of the procedures in chapter 270A to collect debt.~~

4.26 ~~(h)~~ (g) "Uninsured service or treatment" means any service or treatment that is not
4.27 covered by:

4.28 (1) a health plan, contract, or policy that provides health coverage to a patient; or

4.29 (2) any other type of insurance coverage, including but not limited to no-fault automobile
4.30 coverage, workers' compensation coverage, or liability coverage.

5.1 ~~(i)~~ (h) "Unreasonable burden" includes requiring a patient to apply for enrollment in a
5.2 state or federal program for which the patient is obviously or categorically ineligible or has
5.3 been found to be ineligible in the previous 12 months.

5.4 Sec. 6. Minnesota Statutes 2023 Supplement, section 144.587, subdivision 4, is amended
5.5 to read:

5.6 Subd. 4. **Prohibited actions.** (a) A hospital must not initiate one or more of the following
5.7 actions until the hospital determines that the patient is ineligible for charity care or denies
5.8 an application for charity care:

5.9 (1) offering to enroll or enrolling the patient in a payment plan;

5.10 (2) changing the terms of a patient's payment plan;

5.11 (3) offering the patient a loan or line of credit, application materials for a loan or line of
5.12 credit, or assistance with applying for a loan or line of credit, for the payment of medical
5.13 debt;

5.14 (4) referring a patient's debt for collections, including in-house collections, third-party
5.15 collections, ~~revenue recapture~~, or any other process for the collection of debt; or

5.16 ~~(5) denying health care services to the patient or any member of the patient's household
5.17 because of outstanding medical debt, regardless of whether the services are deemed necessary
5.18 or may be available from another provider; or~~

5.19 ~~(6)~~ (5) accepting a credit card payment of over \$500 for the medical debt owed to the
5.20 hospital.

5.21 (b) A hospital is subject to section 62J.807.

5.22 Sec. 7. Minnesota Statutes 2023 Supplement, section 270A.03, subdivision 2, is amended
5.23 to read:

5.24 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by
5.25 section 14.02, subdivision 2, the regents of the University of Minnesota, any district court
5.26 of the state, any county, any statutory or home rule charter city, including a city that is
5.27 presenting a claim for ~~a municipal hospital or a public library or a municipal ambulance
5.28 service, a hospital district, any ambulance service licensed under chapter 144E, any public
5.29 agency responsible for child support enforcement, any public agency responsible for the
5.30 collection of court-ordered restitution, and any public agency established by general or
5.31 special law that is responsible for the administration of a low-income housing program.~~

6.1 Sec. 8. **[332.371] MEDICAL DEBT CREDIT REPORTING PROHIBITED.**

6.2 (a) A consumer reporting agency is prohibited from making a consumer report containing
6.3 an item of information that the consumer reporting agency knows or should know concerns
6.4 (1) medical information; or (2) debt arising from: (i) the provision of medical care, treatment,
6.5 services, devices, or medicines; or (ii) procedures to maintain, diagnose, or treat a person's
6.6 physical or mental health.

6.7 (b) For purposes of this section, "consumer report," "consumer reporting agency," and
6.8 "medical information" have the meanings given them in the Fair Credit Reporting Act,
6.9 United States Code, title 15, section 1681a.

6.10 Sec. 9. **[332C.01] DEFINITIONS.**

6.11 Subdivision 1. **Application.** For purposes of this chapter, the following terms have the
6.12 meanings given.

6.13 Subd. 2. **Collecting party.** "Collecting party" means a party engaged in the collection
6.14 of medical debt for any account, bill, or other indebtedness, except as hereinafter provided.

6.15 Subd. 3. **Debtor.** "Debtor" means a person obligated or alleged to be obligated to pay
6.16 any debt.

6.17 Subd. 4. **Medical debt.** "Medical debt" means debt incurred primarily for necessary
6.18 medical care and related services.

6.19 Subd. 5. **Person.** "Person" means any individual, partnership, association, or corporation.

6.20 Sec. 10. **[332C.02] PROHIBITED PRACTICES.**

6.21 No collecting party shall:

6.22 (1) in a collection letter, publication, invoice, or any oral or written communication,
6.23 threaten wage garnishment or legal suit by a particular lawyer, unless the collecting party
6.24 has actually retained the lawyer to do so;

6.25 (2) use or employ sheriffs or any other officer authorized to serve legal papers in
6.26 connection with the collection of a claim, except when performing their legally authorized
6.27 duties;

6.28 (3) use or threaten to use methods of collection which violate Minnesota law;

6.29 (4) furnish legal advice to debtors or represent that the collecting party is competent or
6.30 able to furnish legal advice to debtors;

7.1 (5) communicate with debtors in a misleading or deceptive manner by falsely using the
7.2 stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare,
7.3 or instruments which simulate the form and appearance of judicial process;

7.4 (6) publish or cause to be published any list of debtors, use shame cards or shame
7.5 automobiles, advertise or threaten to advertise for sale any claim as a means of forcing
7.6 payment thereof, or use similar devices or methods of intimidation;

7.7 (7) operate under a name or in a manner which falsely implies the collecting party is a
7.8 branch of or associated with any department of federal, state, county, or local government
7.9 or an agency thereof;

7.10 (8) transact business or hold itself out as a debt settlement company, debt management
7.11 company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates, or
7.12 pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or
7.13 liquidation is done pursuant to court order or under the supervision of a creditor's committee;

7.14 (9) unless an exemption in the law exists, violate Code of Federal Regulations, title 12,
7.15 part 1006, while attempting to collect on any account, bill, or other indebtedness. For
7.16 purposes of this section, Public Law 95-109 and Code of Federal Regulations, title 12, part
7.17 1006, apply to collecting parties;

7.18 (10) communicate with a debtor by use of an automatic telephone dialing system or an
7.19 artificial or prerecorded voice after the debtor expressly informs the collecting party to cease
7.20 communication utilizing an automatic telephone dialing system or an artificial or prerecorded
7.21 voice. For purposes of this clause, an automatic telephone dialing system or an artificial or
7.22 prerecorded voice includes but is not limited to (i) artificial intelligence chat bots, and (ii)
7.23 the usage of the term under the Telephone Consumer Protection Act, United States Code,
7.24 title 47, section 227(b)(1)(A);

7.25 (11) in collection letters or publications, or in any oral or written communication, imply
7.26 or suggest that medically necessary health treatment or services will be denied as a result
7.27 of a medical debt;

7.28 (12) when a debtor has a listed telephone number, enlist the aid of a neighbor or third
7.29 party to request that the debtor contact the collecting party, except a person who resides
7.30 with the debtor or a third party with whom the debtor has authorized with the collecting
7.31 party to place the request. This clause does not apply to a call back message left at the
7.32 debtor's place of employment which is limited solely to the collecting party's telephone
7.33 number and name;

8.1 (13) when attempting to collect a medical debt, fail to provide the debtor with the full
8.2 name of the collecting party, as registered with the secretary of state;

8.3 (14) fail to return any amount of overpayment from a debtor to the debtor or to the state
8.4 of Minnesota pursuant to the requirements of chapter 345;

8.5 (15) accept currency or coin as payment for a medical debt without issuing an original
8.6 receipt to the debtor and maintain a duplicate receipt in the debtor's payment records;

8.7 (16) attempt to collect any amount, including any interest, fee, charge, or expense
8.8 incidental to the charge-off obligation, from a debtor unless the amount is expressly
8.9 authorized by the agreement creating the medical debt or is otherwise permitted by law;

8.10 (17) falsify any documents with the intent to deceive;

8.11 (18) when initially contacting a Minnesota debtor by mail to collect a medical debt, fail
8.12 to include a disclosure on the contact notice, in a type size or font which is equal to or larger
8.13 than the largest other type of type size or font used in the text of the notice, that includes
8.14 and identifies the Office of the Minnesota Attorney General's general telephone number,
8.15 and states: "You have the right to hire your own attorney to represent you in this matter.";

8.16 (19) commence legal action to collect a medical debt outside the limitations period set
8.17 forth in section 541.053;

8.18 (20) report to a credit reporting agency any medical debt which the collecting party
8.19 knows or should know is or was originally owed to a health care provider, as defined in
8.20 section 62J.805, subdivision 2; or

8.21 (21) challenge a debtor's claim of exemption to garnishment or levy in a manner that is
8.22 baseless, frivolous, or otherwise in bad faith.

8.23 **Sec. 11. [332C.04] DEFENDING MEDICAL DEBT CASES.**

8.24 A debtor who successfully defends against a claim for payment of medical debt that is
8.25 alleged by a collecting party must be awarded the debtor's costs, including a reasonable
8.26 attorney fee, incurred in defending against the collecting party's claim for debt payment.

8.27 **Sec. 12. [332C.06] ENFORCEMENT.**

8.28 (a) The attorney general may enforce this chapter under section 8.31.

8.29 (b) A collecting party that violates this chapter is strictly liable to the debtor in question
8.30 for the sum of:

9.1 (1) actual damage sustained by the debtor as a result of the violation;

9.2 (2) additional damages as the court may allow, but not exceeding \$1,000 per violation;

9.3 and

9.4 (3) in the case of any successful action to enforce the foregoing, the costs of the action,
9.5 together with a reasonable attorney fee as determined by the court.

9.6 (c) A collecting party that willfully and maliciously violates this chapter is strictly liable
9.7 to the debtor for three times the sums allowable under paragraph (b), clauses (1) and (2).

9.8 (d) The dollar amount limit under paragraph (b), clause (2), changes on July 1 of each
9.9 even-numbered year in an amount equal to changes made in the Consumer Price Index,
9.10 compiled by the United States Bureau of Labor Statistics. The Consumer Price Index for
9.11 December 2024 is the reference base index. If the Consumer Price Index is revised, the
9.12 percentage of change made under this section must be calculated on the basis of the revised
9.13 Consumer Price Index. If a Consumer Price Index revision changes the reference base index,
9.14 a revised reference base index must be determined by multiplying the reference base index
9.15 that is effective at the time by the rebasing factor furnished by the Bureau of Labor Statistics.

9.16 (e) If the Consumer Price Index is superseded, the Consumer Price Index referred to in
9.17 this section is the Consumer Price Index represented by the Bureau of Labor Statistics as
9.18 most accurately reflecting changes in the prices paid by consumers for consumer goods and
9.19 services.

9.20 (f) The attorney general must publish the base reference index under paragraph (c) in
9.21 the State Register no later than September 1, 2024. The attorney general must calculate and
9.22 then publish the revised Consumer Price Index under paragraph (c) in the State Register no
9.23 later than September 1 each even-numbered year.

9.24 (g) An action brought under this section benefits the public.

9.25 Sec. 13. Minnesota Statutes 2022, section 334.01, is amended by adding a subdivision to
9.26 read:

9.27 Subd. 4. **Contracts for medical care.** Interest for any debt owed to a health care provider
9.28 incurred in exchange for care, treatment, services, devices, medicines, or procedures to
9.29 maintain, diagnose, or treat a person's physical or mental health shall be at a rate of \$4 upon
9.30 \$100 for a year.

10.1 Sec. 14. Minnesota Statutes 2022, section 519.05, is amended to read:

10.2 **519.05 LIABILITY OF ~~HUSBAND AND WIFE~~ SPOUSES.**

10.3 (a) A spouse is not liable to a creditor for any debts of the other spouse. ~~Where husband~~
10.4 ~~and wife are living together, they shall be jointly and severally liable for necessary medical~~
10.5 ~~services that have been furnished to either spouse, including any claims arising under section~~
10.6 ~~246.53, 256B.15, 256D.16, or 261.04, and necessary household articles and supplies furnished~~
10.7 ~~to and used by the family.~~ Notwithstanding this paragraph, in a proceeding under chapter
10.8 518 the court may apportion such debt between the spouses.

10.9 (b) Either spouse may close a credit card account or other unsecured consumer line of
10.10 credit on which both spouses are contractually liable, by giving written notice to the creditor.