CHAPTER 332C

MEDICAL DEBT

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332C.01 DEFINITIONS.

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

Subd. 2. **Collecting party.** "Collecting party" means a party engaged in collecting medical debt. Collecting party does not include parties when complying with a court order or statutory obligation to garnish or levy a debtor's property, including banks, credit unions, public officers, and garnishees.

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

Subd. 4. **Medical debt.** (a) "Medical debt" means debt incurred primarily for medically necessary health treatment or services. Medical debt includes debt charged to a credit card or other credit instrument, on or after October 1, 2024, under an open-end or closed-end credit plan offered specifically to pay for health treatment or services.

(b) Medical debt does not include:

(1) debt charged to a credit card or other credit instrument, under an open-end or closed-end credit plan, that is not offered specifically to pay for health treatment or services;

(2) services provided by a veterinarian;

(3) services provided by a dentist; or

(4) debt charged to a home equity line of credit.

Subd. 5. **Medically necessary.** "Medically necessary" has the meaning given in section 62J.805, subdivision 7.

Subd. 6. **Person.** "Person" means any individual, partnership, association, or corporation.

History: *2024 c 114 art 3 s 77*

332C.02 PROHIBITED PRACTICES.

A collecting party must not:

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

(2) use or employ sheriffs or any other officer authorized to serve legal papers in connection with collecting a claim, except when performing the sheriff's or other officer's legally authorized duties;

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

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

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

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

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

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

(9) unless an exemption in the law exists, violate Code of Federal Regulations, title 12, part 1006, while attempting to collect on any account, bill, or other indebtedness. For purposes of this section, Public Law 95-109 and Code of Federal Regulations, title 12, part 1006, apply to collecting parties other than health care providers collecting medical debt in the health care provider's own name;

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

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

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

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

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

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

(16) except for court costs for filing a civil action with the court and service of process, attempt to collect any interest, fee, charge, or expense incidental to the charge-off obligation from a debtor unless the amount is expressly authorized by the agreement creating the medical debt or is otherwise permitted by law;

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

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

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

(20) report to a credit reporting agency any medical debt that the collecting party knows or should know is or was originally owed to a health care provider, as defined in section 62J.805, subdivision 4; or

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

History: *2024 c 114 art 3 s 78*

332C.03 MEDICAL DEBT REPORTING PROHIBITED.

(a) A collecting party is prohibited from reporting medical debt to a consumer reporting agency.

(b) A consumer reporting agency is prohibited from making a consumer report containing an item of information that the consumer reporting agency knows or should know concerns medical debt.

(c) For purposes of this section, "consumer report" and "consumer reporting agency" have the meanings given in the Fair Credit Reporting Act, United States Code, title 15, section 1681a.

(d) This section also applies to collection agencies and debt buyers licensed under chapter 332.

History: *2024 c 114 art 3 s 79*

332C.04 DEFENDING MEDICAL DEBT CASES.

(a) A debtor who successfully defends against a claim for payment of medical debt that is alleged by a collecting party must be awarded the debtor's costs and a reasonable attorney fee, as determined by the court, incurred to defend against the collecting party's claim for debt payment.

(b) For purposes of this section, a resolution mutually agreed upon by the debtor and collecting party is not a successful defense subject to an additional award of an attorney fee.

History: *2024 c 114 art 3 s 80*

332C.05 ENFORCEMENT.

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

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

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

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

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

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

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

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

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

(g) A collecting party must not be held liable in any action brought under this section if the collecting party shows by a preponderance of evidence that the violation:

(1) was not intentional and resulted from a bona fide error made notwithstanding the maintenance of procedures reasonably adopted to avoid any bona fide error; or

(2) was the result of inaccurate or incorrect information provided to the collecting party by a health care provider, as defined in section 62J.805, subdivision 4; a health carrier, as defined in section 62A.011, subdivision 2; or another collecting party currently or previously engaged in collection of the medical debt in question.

History: *2024 c 114 art 3 s 81*