

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 78

Session of 2023

INTRODUCED BY VENKAT, BULLOCK, KHAN, KOSIEROWSKI, PISCIOTTANO, SCHLOSSBERG, SIEGEL, RABB, KINSEY, MADDEN, PROBST, SANCHEZ, PARKER, HILL-EVANS, N. NELSON, DELLOSO, WARREN, ABNEY, T. DAVIS, SMITH-WADE-EL, BIZZARRO, FLEMING, INNAMORATO, MALAGARI, KINKEAD, McNEILL, GUENST, GREEN, HADDOCK, SOLOMON, BOROWSKI, SHUSTERMAN, FIEDLER, FRIEL, SALISBURY, ZABEL, MADSEN, KENYATTA, STURLA, MARKOSEK, KAZEEM, CONKLIN, STEELE, OTTEN, TAKAC, DALEY, KUZMA, WEBSTER AND GUZMAN, MARCH 7, 2023

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 22, 2023

AN ACT

1 Establishing the Medical Debt Relief Program; establishing
2 requirements for hospital-based financial assistance; and
3 imposing duties on the Department of Health.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Medical Debt
8 Relief Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall
11 have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Bad debt expense." The cost of care for which a health care
14 provider expected payment from the patient or a third-party
15 payor, but which the health care provider or commercial debt

1 collection agency subsequently determines to be uncollectible.

2 "Department." The Department of Health of the Commonwealth.

3 "Eligible patient." An individual who meets all of the
4 following requirements:

5 (1) Is a resident of this Commonwealth.

6 (2) Can demonstrate an inability to pay the cost of
7 medical care even after the application of payments for
8 third-party health coverage.

9 (3) Provides financial information and documentation
10 showing that their income and assets make them eligible for
11 hospital-based financial assistance under the policies of the
12 hospital and of this act.

13 "Eligible resident." An individual eligible for relief who
14 meets all of the following conditions:

15 (1) Is a resident of this Commonwealth.

16 (2) Has a household income at or below 400% of the
17 Federal poverty guidelines or has medical debt equal to 5% or
18 more of the individual's household income.

19 "Health care provider." Either of the following:

20 (1) A health care provider, as defined in section 1201
21 of the act of May 17, 1921 (P.L.682, No.284), known as The
22 Insurance Company Law of 1921.

23 (2) An emergency medical services agency, as defined in
24 35 Pa.C.S. § 8103 (relating to definitions).

25 "Hospital-based financial assistance." Financial assistance
26 provided by hospitals to patients that includes charity care or
27 discounted care where the cost of care ordinarily charged by a
28 hospital is provided free of charge or at a reduced rate or a
29 hospital relieves an eligible patient's medical bill in part or
30 in full based on eligibility criteria.

1 "Medical debt." An obligation to pay money arising from the
2 receipt of health care services.

3 "Medical debt relief." The discharge of a patient's medical
4 debt.

5 "Medical debt relief coordinator." A person, company,
6 partnership or other entity that is able to discharge medical
7 debt of an eligible resident in a manner that does not result in
8 a taxable event for the eligible resident.

9 "Primary language." A language that is the preferred
10 language for communication during at least 5% of the annual
11 patient visits by patients who do not have the proficiency in
12 English necessary to speak, read and write about health care-
13 related matters.

14 "Program." The Medical Debt Relief Program established under
15 section 3.

16 "Public health coverage option." A program administered by
17 the Department of Human Services, including Medical Assistance
18 and the Children's Health Insurance Program, and by the
19 Pennsylvania Health Insurance Exchange Authority.

20 Section 3. Medical Debt Relief Program.

21 (a) Establishment and purpose.--The Medical Debt Relief
22 Program is established within the department for the purpose of
23 discharging medical debt of eligible residents by contracting
24 with a medical debt relief coordinator as described in
25 subsection (c).

26 (b) Use of money.--Money appropriated to the department for
27 the program shall be used exclusively for the program, including
28 contracting with a medical debt relief coordinator and providing
29 money to be used by the medical debt relief coordinator to
30 discharge medical debt of eligible residents. Money used in

1 contracting with a medical debt relief coordinator may also be
2 used for the payment of services provided by the medical debt
3 relief coordinator to discharge medical debt of eligible
4 residents based on a budget approved by the department.

5 (c) Contracts.--

6 (1) The department is authorized to and shall enter into
7 a contract with a medical debt relief coordinator to purchase
8 and discharge medical debt owed by an eligible resident with
9 money allocated for the program.

10 (2) The department shall implement a competitive bidding
11 process to determine which medical debt relief coordinator to
12 use, unless the department determines that only a single
13 medical debt relief coordinator has the capacity and
14 willingness to carry out the duties specified in this act.

15 (3) In contracting with the department, a medical debt
16 relief coordinator shall adhere to the following:

17 (i) The medical debt relief coordinator shall review
18 the medical debt accounts of each commercial debt
19 collection agency or health care provider willing to sell
20 medical debt accounts in this Commonwealth.

21 (ii) The medical debt relief coordinator may elect
22 to buy the dischargeable medical debt from the commercial
23 debt collection agency or health care provider that
24 identifies the accounts described in subparagraph (i) as
25 a bad debt expense.

26 (iii) After the purchase and discharge of medical
27 debt from a commercial debt collection agency or health
28 care provider, the medical debt relief coordinator shall
29 notify all eligible residents whose medical debt has been
30 discharged under the program, in a manner approved by the

1 department, that they no longer have specified medical
2 debt owed to the relevant health care provider or
3 commercial debt collection agency.

4 (iv) A medical debt relief coordinator shall make a
5 best effort to ensure parity and equity in the purchasing
6 and discharging of medical debt to ensure that all
7 eligible residents have an equal opportunity of receiving
8 medical debt relief regardless of their geographical
9 location or identities and characteristics as identified
10 in section 2 of the act of October 27, 1955 (P.L.744,
11 No.222), known as the Pennsylvania Human Relations Act.

12 (v) A medical debt relief coordinator shall report
13 to the department the summary statistics regarding
14 eligible residents whose medical debt has been
15 discharged.

16 (vi) A medical debt relief coordinator may not
17 attempt to seek payment from an eligible resident for
18 medical debt purchased by the medical debt relief
19 coordinator.

20 (4) A medical debt relief coordinator shall continue to
21 fulfill its contractual obligations to the department until
22 all money contracted to the medical debt relief coordinator
23 is exhausted, regardless of whether money allocated to the
24 program has been exhausted.

25 (d) Breach of contract.--If a medical debt relief
26 coordinator attempts to seek payment from an eligible resident
27 for medical debt purchased by the medical debt relief
28 coordinator or fails to carry out the responsibilities described
29 in its contract with the department, the medical debt relief
30 coordinator shall be considered in breach of contract and the

1 contract provisions that apply in the case of a breach of
2 contract shall apply.

3 Section 4. Reporting on program.

4 (a) Requirement.--Beginning one year after the effective
5 date of this section and annually thereafter for as long as
6 medical debt relief coordinators are fulfilling their
7 contractual obligations under this act, the department shall
8 submit an annual report regarding the program in accordance with
9 this section.

10 (b) Contents.--Each report under this section shall contain
11 the following information for the annual period covered by the
12 report:

13 (1) The amount of medical debt purchased and discharged
14 under the program.

15 (2) The number of eligible residents who received
16 medical debt relief under the program.

17 (3) The characteristics of the eligible residents as
18 described in section 3(c)(3)(iv).

19 ~~(4) The number of patients whose debt was discharged~~ <--
20 ~~that qualified for hospital based financial assistance or a~~
21 ~~public health coverage option.~~

22 (4) THE NUMBER AND CHARACTERISTICS OF HEALTH CARE <--
23 PROVIDERS FROM WHOM MEDICAL DEBT WAS PURCHASED AND
24 DISCHARGED.

25 (5) The number of eligible residents whose income was
26 calculated at 100%, 150% or 200% of the Federal poverty
27 level.

28 (6) The number of and characteristics of medical debt
29 relief coordinators contracted with for the purposes of
30 purchasing and discharging medical debt.

1 (c) Submittal.--Each report under this section shall be
2 submitted to the following:

3 (1) The Governor.

4 (2) The President pro tempore of the Senate.

5 (3) The Speaker of the House of Representatives.

6 (4) The Majority Leader and Minority Leader of the
7 Senate.

8 (5) The Majority Leader and Minority Leader of the House
9 of Representatives.

10 (6) The chairperson and minority chairperson of the
11 Health and Human Services Committee of the Senate.

12 (7) The chairperson and minority chairperson of the
13 Health Committee of the House of Representatives.

14 Section 5. Hospital-based financial assistance forms and
15 policies.

16 (a) Forms.--The department shall develop the following forms
17 and make them available to hospitals and the general public:

18 (1) A uniform application for financial assistance that
19 shall be used in every hospital in this Commonwealth to
20 determine if an individual is an eligible patient.

21 (2) A uniform one-page template all hospitals shall use
22 to summarize eligibility information for financial
23 assistance. At a minimum, the summary shall include:

24 (i) Income eligibility guidelines for hospital-based
25 financial assistance expressed as both a percent of the
26 Federal Poverty Income Guidelines and a dollar amount
27 based on common household sizes.

28 (ii) Information about the limits on amounts and
29 type of assets.

30 (iii) Information on income eligibility guidelines

1 for a public health coverage option expressed as both a
2 percent of the Federal Poverty Income Guidelines and a
3 dollar amount based on common household sizes and how to
4 apply for those coverage options.

5 (iv) Contact information for how to apply for
6 hospital-based financial assistance and how to get help
7 applying for hospital-based financial assistance.

8 (3) A brief uniform statement of the availability of
9 hospital-based financial assistance and of the application
10 for hospital-based financial assistance to be stated
11 prominently on hospital materials.

12 (b) Development of form.--The department shall include input
13 from hospitals and the general public in developing the forms
14 described in subsection (a) (1).

15 (c) Accessibility of forms.--Each form outlined in
16 subsection (a) shall be:

17 (1) Written in plain language at a sixth grade reading
18 level.

19 (2) Translated by the department into all primary
20 languages identified by a hospital.

21 (3) Made accessible by the hospital to individuals with
22 visual impairments upon request.

23 (4) Posted by hospitals online in a publicly accessible
24 format. A full copy of the hospital's financial assistance
25 policies shall also be published along with the summary in
26 subsection (a) (2).

27 (d) Disclosure to patients.--

28 (1) A hospital shall provide the form discussed in
29 subsection (a) (2) to all patients upon intake and discharge.
30 Additionally, a hospital shall place the uniform statement

1 provided for in subsection (a) (3) on all bills, billing
2 statements, good faith estimates, admittance forms and
3 discharge paperwork.

4 (2) A hospital shall provide a full copy of its
5 financial assistance policies upon request.

6 (3) A hospital shall provide assistance understanding
7 and completing a financial assistance application upon
8 request.

9 (e) Alignment with public health coverage options.--

10 (1) Hospitals shall use the income counting rules and
11 household composition rules consistent with 42 CFR 435.603
12 (relating to application of modified adjusted gross income
13 (MAGI)) and shall adjust their policies according to rules
14 within 180 days after the effective date of this paragraph.

15 (2) The Department of Human Services shall explore a
16 process for connecting the uniform application for financial
17 assistance with the department's electronic eligibility
18 system in order to evaluate an applicant's eligibility for a
19 public health coverage option.

20 (3) A patient seeking financial assistance may provide
21 the following financial information and documentation in
22 support of their application:

23 (i) paychecks or pay stubs;

24 (ii) unemployment documentation;

25 (iii) Social Security income;

26 (iv) rent receipts;

27 (v) a letter from the patient's employer attesting
28 to the patient's gross income;

29 (vi) copies of recent tax returns; or

30 (vii) if none of the aforementioned information and

1 documentation are available, a written self-attestation
2 of the patient's income.

3 (4) Hospitals may provide hospital-based financial
4 assistance to any patient who is already enrolled in the
5 Supplemental Nutrition Assistance Program (SNAP), Special
6 Supplemental Nutrition Program for Women, Infants and
7 Children (WIC) or Low-Income Home Energy Assistance Program
8 (LIHEAP), based on presumptive eligibility through use of
9 electronic verification data.

10 (5) Upon submission of a completed application form, the
11 patient is not liable for any bills until the hospital has
12 rendered a decision on the application.

13 Section 6. Tax applicability.

14 The amount of interest and principal balance of medical debt
15 discharged under the program shall not be included in the
16 classes of income identified in section 303 of the act of March
17 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

18 Section 7. Effective date.

19 This act shall take effect immediately.