
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,
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BOROWSKI, SHUSTERMAN, FIEDLER, FRIEL, SALISBURY, ZABEL,
MADSEN, KENYATTA, STURLA, MARKOSEK, KAZEEM, CONKLIN AND
STEELE, MARCH 7, 2023

REFERRED TO COMMITTEE ON HEALTH, MARCH 7, 2023

AN ACT

1 Establishing the Medical Debt Relief Program; imposing duties on
2 the Department of Health; and making an appropriation.

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

5 Section 1. Short title.

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

8 Section 2. Definitions.

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

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

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

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

4 (1) Is a resident of this Commonwealth.

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

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

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

12 (2) An emergency medical services agency, as defined in
13 35 Pa.C.S. § 8103 (relating to definitions).

14 "Medical debt." Debt arising from the receipt of health care
15 services.

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

20 "Program." The Medical Debt Relief Program established under
21 section 3.

22 "Relief." The discharge of medical debt.

23 Section 3. Medical Debt Relief Program.

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

29 (b) Use of money.--Money allocated to the program shall be
30 used exclusively for the program, including contracting with a

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

8 (c) Contracts.--

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

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

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

20 (i) The medical debt relief coordinator shall review
21 the medical debt accounts of each health care provider
22 willing to sell medical debt accounts in this
23 Commonwealth.

24 (ii) If a health care provider identifies the
25 accounts described in subparagraph (i) as a bad debt
26 expense or considers the accounts described in
27 subparagraph (i) as dormant and owed by an eligible
28 resident, the medical debt relief coordinator may elect
29 to buy the dischargeable medical debt from the health
30 care provider.

1 (iii) After the purchase and discharge of medical
2 debt from a health care provider, the medical debt relief
3 coordinator shall notify all eligible residents whose
4 medical debt has been discharged under the program, in a
5 manner approved by the department, that they no longer
6 have specified medical debt owed to the relevant health
7 care provider.

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

16 (v) A medical debt relief coordinator shall report
17 to the department the summary statistics regarding
18 eligible residents whose medical debt has been
19 discharged.

20 (vi) A medical debt relief coordinator may not
21 attempt to seek payment from an eligible resident for
22 medical debt purchased by the medical debt relief
23 coordinator.

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

29 (d) Breach of contract.--If a medical debt relief
30 coordinator attempts to seek payment from an eligible resident

1 for medical debt purchased by the medical debt relief
2 coordinator or fails to carry out the responsibilities described
3 in its contract with the department, the medical debt relief
4 coordinator shall be considered in breach of contract and the
5 contract provisions that apply in the case of a breach of
6 contract shall apply.

7 Section 4. Reports.

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

14 (b) Contents.--Each report under this section shall contain
15 the following information for the annual period covered by the
16 report:

17 (1) The amount of medical debt purchased and discharged
18 under the program.

19 (2) The number of eligible residents who received relief
20 under the program.

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

23 (4) The number of and characteristics of health care
24 providers from whom medical debt was purchased and
25 discharged.

26 (5) The number of and characteristics of medical debt
27 relief coordinators contracted with for the purposes of
28 purchasing and discharging medical debt.

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

1 (1) The Governor.

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

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

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

6 (5) The Majority Leader and Minority Leader of the House
7 of Representatives.

8 (6) The chairperson and minority chairperson of the
9 Health and Human Services Committee of the Senate.

10 (7) The chairperson and minority chairperson of the
11 Health Committee of the House of Representatives.

12 Section 5. Appropriation.

13 The sum of \$15,000,000 is appropriated from the General Fund
14 to the department for the program.

15 Section 6. Effective date.

16 This act shall take effect immediately.