

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 AND KUZMA, MARCH 7, 2023

AS REPORTED FROM COMMITTEE ON HEALTH, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 14, 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; and making an <--
4 appropriation.

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

7 Section 1. Short title.

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

10 Section 2. Definitions.

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

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

1 payor, but which the health care provider OR COMMERCIAL DEBT <--
2 COLLECTION AGENCY subsequently determines to be uncollectible.

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

4 "ELIGIBLE PATIENT." AN INDIVIDUAL WHO MEETS ALL OF THE <--
5 FOLLOWING REQUIREMENTS:

6 (1) IS A RESIDENT OF THIS COMMONWEALTH.

7 (2) CAN DEMONSTRATE AN INABILITY TO PAY THE COST OF
8 MEDICAL CARE EVEN AFTER THE APPLICATION OF PAYMENTS FOR
9 THIRD-PARTY HEALTH COVERAGE.

10 (3) PROVIDES FINANCIAL INFORMATION AND DOCUMENTATION
11 SHOWING THAT THEIR INCOME AND ASSETS MAKE THEM ELIGIBLE FOR
12 HOSPITAL-BASED FINANCIAL ASSISTANCE UNDER THE POLICIES OF THE
13 HOSPITAL AND OF THIS ACT.

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

16 (1) Is a resident of this Commonwealth.

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

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

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

24 (2) An emergency medical services agency, as defined in
25 35 Pa.C.S. § 8103 (relating to definitions).

26 "HOSPITAL-BASED FINANCIAL ASSISTANCE." FINANCIAL ASSISTANCE <--
27 PROVIDED BY HOSPITALS TO PATIENTS THAT INCLUDES CHARITY CARE OR
28 DISCOUNTED CARE WHERE THE COST OF CARE ORDINARILY CHARGED BY A
29 HOSPITAL IS PROVIDED FREE OF CHARGE OR AT A REDUCED RATE OR A
30 HOSPITAL RELIEVES AN ELIGIBLE PATIENT'S MEDICAL BILL IN PART OR

1 IN FULL BASED ON ELIGIBILITY CRITERIA.

2 "Medical debt." ~~Debt~~ AN OBLIGATION TO PAY MONEY arising from <--
3 the receipt of health care services.

4 "MEDICAL DEBT RELIEF." THE DISCHARGE OF A PATIENT'S MEDICAL <--
5 DEBT.

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

10 "PRIMARY LANGUAGE." A LANGUAGE THAT IS THE PREFERRED <--
11 LANGUAGE FOR COMMUNICATION DURING AT LEAST 5% OF THE ANNUAL
12 PATIENT VISITS BY PATIENTS WHO DO NOT HAVE THE PROFICIENCY IN
13 ENGLISH NECESSARY TO SPEAK, READ AND WRITE ABOUT HEALTH CARE-
14 RELATED MATTERS.

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

17 ~~"Relief." The discharge of medical debt.~~ <--

18 "PUBLIC HEALTH COVERAGE OPTION." A PROGRAM ADMINISTERED BY <--
19 THE DEPARTMENT OF HUMAN SERVICES, INCLUDING MEDICAL ASSISTANCE
20 AND THE CHILDREN'S HEALTH INSURANCE PROGRAM, AND BY THE
21 PENNSYLVANIA HEALTH INSURANCE EXCHANGE AUTHORITY.

22 Section 3. Medical Debt Relief Program.

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

28 (b) Use of money.--Money ~~allocated~~ APPROPRIATED to the <--
29 DEPARTMENT FOR THE program shall be used exclusively for the <--
30 program, including contracting with a medical debt relief

1 coordinator and providing money to be used by the medical debt
2 relief coordinator to discharge medical debt of eligible
3 residents. Money used in contracting with a medical debt relief
4 coordinator may also be used for the payment of services
5 provided by the medical debt relief coordinator to discharge
6 medical debt of eligible residents based on a budget approved by
7 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 COMMERCIAL DEBT <--
22 COLLECTION AGENCY OR health care provider willing to sell
23 medical debt accounts in this 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~~ THE medical debt relief coordinator may <--
29 elect to buy the dischargeable medical debt from the
30 COMMERCIAL DEBT COLLECTION AGENCY OR health care <--

1 provider- THAT IDENTIFIES THE ACCOUNTS DESCRIBED IN <--
2 SUBPARAGRAPH (I) AS A BAD DEBT EXPENSE.

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

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

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

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

27 (4) A medical debt relief coordinator shall continue to
28 fulfill its contractual obligations to the department until
29 all money contracted to the medical debt relief coordinator
30 is exhausted, regardless of whether money allocated to the

1 program has been exhausted.

2 (d) Breach of contract.--If a medical debt relief
3 coordinator attempts to seek payment from an eligible resident
4 for medical debt purchased by the medical debt relief
5 coordinator or fails to carry out the responsibilities described
6 in its contract with the department, the medical debt relief
7 coordinator shall be considered in breach of contract and the
8 contract provisions that apply in the case of a breach of
9 contract shall apply.

10 Section 4. ~~Reports~~ REPORTING ON PROGRAM. <--

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

17 (b) Contents.--Each report under this section shall contain
18 the following information for the annual period covered by the
19 report:

20 (1) The amount of medical debt purchased and discharged
21 under the program.

22 (2) The number of eligible residents who received
23 MEDICAL DEBT relief under the program. <--

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

26 ~~(4) The number of and characteristics of health care~~ <--
27 ~~providers from whom medical debt was purchased and~~
28 ~~discharged.~~

29 (4) THE NUMBER OF PATIENTS WHOSE DEBT WAS DISCHARGED <--
30 THAT QUALIFIED FOR HOSPITAL-BASED FINANCIAL ASSISTANCE OR A

1 PUBLIC HEALTH COVERAGE OPTION.

2 (5) THE NUMBER OF ELIGIBLE RESIDENTS WHOSE INCOME WAS
3 CALCULATED AT 100%, 150% OR 200% OF THE FEDERAL POVERTY
4 LEVEL.

5 ~~(5)~~ (6) The number of and characteristics of medical <--
6 debt relief coordinators contracted with for the purposes of
7 purchasing and discharging medical debt.

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

10 (1) The Governor.

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

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

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

15 (5) The Majority Leader and Minority Leader of the House
16 of Representatives.

17 (6) The chairperson and minority chairperson of the
18 Health and Human Services Committee of the Senate.

19 (7) The chairperson and minority chairperson of the
20 Health Committee of the House of Representatives.

21 ~~Section 5. Appropriation.~~ <--

22 ~~The sum of \$15,000,000 is appropriated from the General Fund~~
23 ~~to the department for the program.~~

24 SECTION 5. HOSPITAL-BASED FINANCIAL ASSISTANCE FORMS AND <--
25 POLICIES.

26 (A) FORMS.--THE DEPARTMENT SHALL DEVELOP THE FOLLOWING FORMS
27 AND MAKE THEM AVAILABLE TO HOSPITALS AND THE GENERAL PUBLIC:

28 (1) A UNIFORM APPLICATION FOR FINANCIAL ASSISTANCE THAT
29 SHALL BE USED IN EVERY HOSPITAL IN THIS COMMONWEALTH TO
30 DETERMINE IF AN INDIVIDUAL IS AN ELIGIBLE PATIENT.

1 (2) A UNIFORM ONE-PAGE TEMPLATE ALL HOSPITALS SHALL USE
2 TO SUMMARIZE ELIGIBILITY INFORMATION FOR FINANCIAL
3 ASSISTANCE. AT A MINIMUM, THE SUMMARY SHALL INCLUDE:

4 (I) INCOME ELIGIBILITY GUIDELINES FOR HOSPITAL-BASED
5 FINANCIAL ASSISTANCE EXPRESSED AS BOTH A PERCENT OF THE
6 FEDERAL POVERTY INCOME GUIDELINES AND A DOLLAR AMOUNT
7 BASED ON COMMON HOUSEHOLD SIZES.

8 (II) INFORMATION ABOUT THE LIMITS ON AMOUNTS AND
9 TYPE OF ASSETS.

10 (III) INFORMATION ON INCOME ELIGIBILITY GUIDELINES
11 FOR A PUBLIC HEALTH COVERAGE OPTION EXPRESSED AS BOTH A
12 PERCENT OF THE FEDERAL POVERTY INCOME GUIDELINES AND A
13 DOLLAR AMOUNT BASED ON COMMON HOUSEHOLD SIZES AND HOW TO
14 APPLY FOR THOSE COVERAGE OPTIONS.

15 (IV) CONTACT INFORMATION FOR HOW TO APPLY FOR
16 HOSPITAL-BASED FINANCIAL ASSISTANCE AND HOW TO GET HELP
17 APPLYING FOR HOSPITAL-BASED FINANCIAL ASSISTANCE.

18 (3) A BRIEF UNIFORM STATEMENT OF THE AVAILABILITY OF
19 HOSPITAL-BASED FINANCIAL ASSISTANCE AND OF THE APPLICATION
20 FOR HOSPITAL-BASED FINANCIAL ASSISTANCE TO BE STATED
21 PROMINENTLY ON HOSPITAL MATERIALS.

22 (B) DEVELOPMENT OF FORM.--THE DEPARTMENT SHALL INCLUDE INPUT
23 FROM HOSPITALS AND THE GENERAL PUBLIC IN DEVELOPING THE FORMS
24 DESCRIBED IN SUBSECTION (A) (1).

25 (C) ACCESSIBILITY OF FORMS.--EACH FORM OUTLINED IN
26 SUBSECTION (A) SHALL BE:

27 (1) WRITTEN IN PLAIN LANGUAGE AT A SIXTH GRADE READING
28 LEVEL.

29 (2) TRANSLATED BY THE DEPARTMENT INTO ALL PRIMARY
30 LANGUAGES IDENTIFIED BY A HOSPITAL.

1 (3) MADE ACCESSIBLE BY THE HOSPITAL TO INDIVIDUALS WITH
2 VISUAL IMPAIRMENTS UPON REQUEST.

3 (4) POSTED BY HOSPITALS ONLINE IN A PUBLICLY ACCESSIBLE
4 FORMAT. A FULL COPY OF THE HOSPITAL'S FINANCIAL ASSISTANCE
5 POLICIES SHALL ALSO BE PUBLISHED ALONG WITH THE SUMMARY IN
6 SUBSECTION (A) (2).

7 (D) DISCLOSURE TO PATIENTS.--

8 (1) A HOSPITAL SHALL PROVIDE THE FORM DISCUSSED IN
9 SUBSECTION (A) (2) TO ALL PATIENTS UPON INTAKE AND DISCHARGE.
10 ADDITIONALLY, A HOSPITAL SHALL PLACE THE UNIFORM STATEMENT
11 PROVIDED FOR IN SUBSECTION (A) (3) ON ALL BILLS, BILLING
12 STATEMENTS, GOOD FAITH ESTIMATES, ADMITTANCE FORMS AND
13 DISCHARGE PAPERWORK.

14 (2) A HOSPITAL SHALL PROVIDE A FULL COPY OF ITS
15 FINANCIAL ASSISTANCE POLICIES UPON REQUEST.

16 (3) A HOSPITAL SHALL PROVIDE ASSISTANCE UNDERSTANDING
17 AND COMPLETING A FINANCIAL ASSISTANCE APPLICATION UPON
18 REQUEST.

19 (E) ALIGNMENT WITH PUBLIC HEALTH COVERAGE OPTIONS.--

20 (1) HOSPITALS SHALL USE THE INCOME COUNTING RULES AND
21 HOUSEHOLD COMPOSITION RULES CONSISTENT WITH 42 CFR 435.603
22 (RELATING TO APPLICATION OF MODIFIED ADJUSTED GROSS INCOME
23 (MAGI)) AND SHALL ADJUST THEIR POLICIES ACCORDING TO RULES
24 WITHIN 180 DAYS AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH.

25 (2) THE DEPARTMENT OF HUMAN SERVICES SHALL EXPLORE A
26 PROCESS FOR CONNECTING THE UNIFORM APPLICATION FOR FINANCIAL
27 ASSISTANCE WITH THE DEPARTMENT'S ELECTRONIC ELIGIBILITY
28 SYSTEM IN ORDER TO EVALUATE AN APPLICANT'S ELIGIBILITY FOR A
29 PUBLIC HEALTH COVERAGE OPTION.

30 (3) A PATIENT SEEKING FINANCIAL ASSISTANCE MAY PROVIDE

1 THE FOLLOWING FINANCIAL INFORMATION AND DOCUMENTATION IN
2 SUPPORT OF THEIR APPLICATION:

3 (I) PAYCHECKS OR PAY STUBS;

4 (II) UNEMPLOYMENT DOCUMENTATION;

5 (III) SOCIAL SECURITY INCOME;

6 (IV) RENT RECEIPTS;

7 (V) A LETTER FROM THE PATIENT'S EMPLOYER ATTESTING
8 TO THE PATIENT'S GROSS INCOME;

9 (VI) COPIES OF RECENT TAX RETURNS; OR

10 (VII) IF NONE OF THE AFOREMENTIONED INFORMATION AND
11 DOCUMENTATION ARE AVAILABLE, A WRITTEN SELF-ATTESTATION
12 OF THE PATIENT'S INCOME.

13 (4) HOSPITALS MAY PROVIDE HOSPITAL-BASED FINANCIAL
14 ASSISTANCE TO ANY PATIENT WHO IS ALREADY ENROLLED IN THE
15 SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP), SPECIAL
16 SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND
17 CHILDREN (WIC) OR LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
18 (LIHEAP), BASED ON PRESUMPTIVE ELIGIBILITY THROUGH USE OF
19 ELECTRONIC VERIFICATION DATA.

20 (5) UPON SUBMISSION OF A COMPLETED APPLICATION FORM, THE
21 PATIENT IS NOT LIABLE FOR ANY BILLS UNTIL THE HOSPITAL HAS
22 RENDERED A DECISION ON THE APPLICATION.

23 SECTION 6. TAX APPLICABILITY. <--

24 THE AMOUNT OF INTEREST AND PRINCIPAL BALANCE OF MEDICAL DEBT
25 DISCHARGED UNDER THE PROGRAM SHALL NOT BE INCLUDED IN THE
26 CLASSES OF INCOME IDENTIFIED IN SECTION 303 OF THE ACT OF MARCH
27 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

28 Section ~~6~~ 7. Effective date. <--

29 This act shall take effect immediately.