

Bill Introduced in Senate to Ban ‘Extraordinary’ Collection Actions of Medical Debt

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Virginia Bell Flynn, partner in Troutman Pepper’s Consumer Financial Services Practice Group, was quoted in the *Compliance Digest* article, [“Bill Introduced in Senate to Ban ‘Extraordinary’ Collection Actions of Medical Debt.”](#)

WHAT THIS MEANS, FROM VIRGINIA BELL FLYNN OF TROUTMAN PEPPER: On February 22, Sen. Chris Van Hollen [D-Mary.] introduced [Senate Bill S. 355](#), which is intended to prevent health care providers and their agents from taking “extraordinary collection actions” relating to the collection of debts incurred from the “receipt of medical services, products, or devices.”

If passed, the COVID-19 Medical Debt Collection Relief Act of 2021 would restrict certain debt collection practices until either: (a) the COVID-19 pandemic is over; or (b) 18 months after the date on which the law is enacted. The specific practices that would be prohibited in connection with medical debts are defined in 26 CFR 1.501(r)-6 and include the following:

- Selling an individual’s debt to another party;
- Reporting adverse information about the individual to consumer credit reporting agencies or credit bureaus; Deferring or denying, or requiring a payment before providing, medically necessary care because of an individual’s previous nonpayment; or
- Taking actions that require a legal or judicial process, including: (a) placing a lien on an individual’s property; (b) foreclosing on an individual’s real property; (c) attaching or seizing an individual’s bank account or any other personal property; (d) commencing a civil action against an individual; or (e) garnishing an individual’s wages.

Further, for individuals who have entered into payment plans for unpaid medical debts, the bill would allow the suspension of those payments and prevent interest from accruing the unpaid balance until after the expiration of the period covered by the law.

Additionally, in the event of noncompliance by a health care provider, the bill would permit individual patients to file suit seeking to recover actual damages, additional damages of up to \$1,000 for each failure to comply, and reasonable attorneys’ fees.

Keep in mind, however, that normal communications regarding outstanding balances with consumers or patients who owe a debt is still permitted.

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