



## National Council of Insurance Legislators (NCOIL)

### Charity Medical Care and Medical Debt Reform Model Act

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#### Section 1. Title

This Act shall be known as the [State] Charity Medical Care and Medical Debt Reform Act.

#### Section 2. Purpose

The purpose of this Act is to ensure certain hospitals implement appropriate charity care screening procedures, and to prohibit creditors and debt collectors from reporting to any consumer reporting agency medical debt obtained from lifesaving and emergency care services rendered at certain medical facilities.

#### Section 3. Definitions

As used in this Act, the following terms shall have the following meaning:

(A) "Charity program" means a hospital's or hospital system's financial assistance and charity care program.

(B) "Commission" means the Health and Human Services Commission.

*Drafting Note: States may wish to replace Health and Human Services Commission with a different regulatory entity.*

(C) "Consumer" means an individual who is a resident of this state.

(D) "Consumer report" has the meaning ascribed to it in 15 U.S.C., Section 1681a(d).

(E) "Consumer reporting agency" means any consumer reporting agency, credit bureau, or similar agency which furnishes a credit report or rating as well as any agency within the meaning ascribed to it in 15 U.S.C., Section 1681a(f).

(F) "Creditor" means one in whose favor an obligation exists, by reason of which he or she is, or may become, entitled to the payment of money.

(G) "Debt collector" means any person who regularly collects, or attempts to collect, consumer debts for another person or institution or uses some name other than its own when collecting its own medical debts.

(H) "Executive commissioner" means the executive commissioner of the commission.

*Drafting Note: States may wish to replace "Executive commissioner" with the head of the relevant regulatory entity charged with implementing this Act.*

(I) "Medical debt" means a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to that person's agent or assignee, for the provision of medical services, products, or devices. Medical debt includes, but is not limited to, debt owed to a(n) [State] medical facility.

(J) "Lifesaving and emergency care services" means the necessary medical or surgical care services rendered to treat a potentially life-threatening condition or symptom.

(K) "[State] medical facility" includes, but is not limited to, any hospital or related institution licensed pursuant to [*insert citation to relevant state licensing statute*], nursing facilities licensed pursuant to [*insert citation to relevant state licensing statute*], and medical offices operated by or employing physicians, physical therapists, physician assistants, pharmacists, nurses, and home health care providers within this state.

#### **Section 4. Charity Care Screening**

(A) Using the process prescribed by the commission under this section, a non-disproportionate share hospital shall screen all patients for eligibility of the hospital's financial assistance program and charity care policy. A hospital cannot pursue debt collections of any patient account until the hospital verifies the patient is not eligible for the hospital's financial assistance program and charity care policy.

(B) The executive commissioner of the Health and Human Services Commission shall adopt by rule the process for screening a patient for eligibility for charity care under Subsection (A).

(C) The rules and process adopted under Subsection (B) must require a hospital:

(1) before sending a bill to the patient, to conduct the screening and apply any charity care discounts or full cost coverage for which the patient qualifies for; and

(2) include on each billing statement notice of:

(a) the availability of financial assistance;

(b) the contact information for the office or department of the hospital that can provide information about obtaining financial assistance; and

(c) the direct Internet address for the financial assistance policy.

(D) A patient may apply for charity care if the patient was screened for eligibility and was found not to be eligible or the patient disagrees with the amount of the charity care discount.

(E) If a hospital makes an incorrect determination under Subsection (A) based on the information provided by the patient at the time of the determination, the hospital shall:

(1) refund the amount of charity care for which the patient qualified; and

(2) reimburse any other associated reasonable costs, such as legal expenses and fees, incurred by the patient in securing charity care.

(F) If the hospital sold debt based on an incorrect determination to a collection agency or authorized a collection agency to collect the debt on behalf of the hospital, the hospital shall notify the collection agency that the debt is invalid.

(G) If the commission determines that a hospital fails to comply with this section:

(1) upon the first violation, the commission shall institute a corrective action plan for the hospital and post it on the commission's internet website;

(2) upon the second violation:

(a) the commission shall apply an administrative penalty of not less than \$xx; and

(b) apply a probationary period of not more than xx days, after which the commission shall confirm that the hospital is in compliance with this section; and

(3) upon the third violation, the commission shall inform the attorney general of the nature of the non-compliance, who shall bring an action in the name of this state to revoke the hospital's state tax exemptions.

### **Section 5. Calculation of Net Patient Revenue**

(A) When calculating net patient revenue under [*insert citation to applicable charity care financial statutes*], a hospital or hospital system shall include all facilities and practices offering medical services located in this state under the common governance of a single corporate parent, regardless of their radius from that corporate parent.

(B) All facilities described by Subsection (A) must comply with charity care screening requirements found in Section 4.

### **Section 6. Credit Reporting and Debt Collection for Debt Related to Lifesaving and Emergency Care**

(A) Creditors and debt collectors are prohibited from reporting to any consumer reporting agency medical debt obtained from lifesaving and emergency care services rendered at an [State] medical facility.

(B) Consumer reporting agencies are prohibited from including consumer debt obtained from lifesaving and emergency care services rendered at a(n) [State] medical facility on a consumer report.

### **Section 7. Rules**

The [*insert appropriate state agency*] shall adopt rules to effectuate the provisions of this Act.

### **Section 8. Effective Date**

This Act shall take effect xxxxxx.