

# ASSEMBLY, No. 1007

## STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblywoman JOANN DOWNEY**

**District 11 (Monmouth)**

**Assemblyman ERIC HOUGHTALING**

**District 11 (Monmouth)**

**Assemblywoman VERLINA REYNOLDS-JACKSON**

**District 15 (Hunterdon and Mercer)**

**Assemblyman ANTHONY S. VERRELLI**

**District 15 (Hunterdon and Mercer)**

**Co-Sponsored by:**

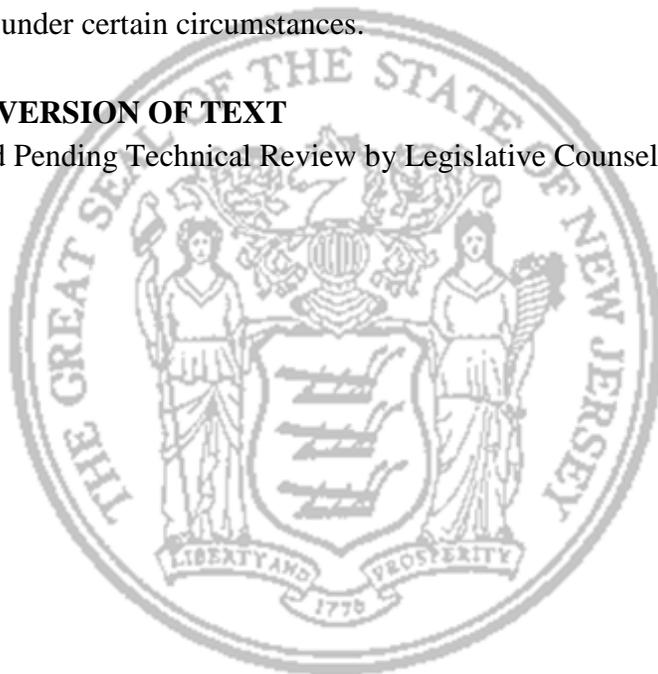
**Assemblymen Karabinchak and Danielsen**

**SYNOPSIS**

Delays when medical debt may be sent to collection agency and provides for income-based repayments; provides for deferment and discharge of outstanding medical debt under certain circumstances.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning medical debt and supplementing Title 26 of the  
2 Revised Statutes.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. a. As used in this section:

8 “Health care facility” means a general acute care hospital,  
9 nursing home, long term care facility, hospice care facility, or  
10 rehabilitation center.

11 “Health care professional” means any person licensed or certified  
12 pursuant to Title 45 of the Revised Statutes to provide health care  
13 services.

14 “Temporary total disability” means the condition of an individual  
15 who is unable to work and earn money because of an injury or  
16 illness that is expected to be of limited duration and from which the  
17 individual is expected to recover.

18 “Totally and permanently disabled” means the condition of an  
19 individual who is unable to work and earn money because of an  
20 injury or illness that is expected to continue indefinitely or result in  
21 death.

22 b. No health care facility or health care professional may refer  
23 the outstanding balance of any amount owed by a patient for health  
24 care services to a collection agency or for legal action until at least  
25 90 days after the date the patient was first provided a bill for the  
26 health care services.

27 c. Prior to referring the outstanding balance of any amount  
28 owed by a patient for health care services to a collection agency or  
29 for legal action, a health care facility or health care professional  
30 shall offer the patient the option to participate in an income-based  
31 repayment plan, pursuant to which the patient shall agree to make  
32 monthly payments in a reasonable and affordable amount that does  
33 not exceed 15 percent of the patient’s discretionary income. A  
34 patient who enters into an income-based repayment plan pursuant to  
35 this subsection shall provide appropriate documentation to verify  
36 the patient’s discretionary income. Any outstanding balance that is  
37 subject to an income-based repayment plan pursuant to this  
38 subsection shall not be referred to a collection agency or for legal  
39 action for such time as the patient is compliant with the repayment  
40 plan. A patient shall be deemed to be compliant with a repayment  
41 plan if the patient makes at least 11 scheduled monthly payments  
42 within a 12-month period; if a patient misses a scheduled monthly  
43 payment, the patient shall contact the health care facility or health  
44 care professional and identify a strategy to make up the missed  
45 payment within one year of the date of the missed payment. The  
46 health care facility or health care professional may, but shall not be  
47 required to, waive any additional missed payments that occur within  
48 a 12-month period and allow the patient to continue to participate in

1 the income-based repayment plan in lieu of referring the  
2 outstanding balance owed to a collection agency or for legal action.

3 d. Any outstanding balance of an amount owed by a patient for  
4 health care services, including any accrued interest, shall be fully  
5 discharged by the health care facility or health care professional to  
6 whom the balance is owed in the event of the death of the patient or  
7 in the event that the patient becomes totally and permanently  
8 disabled, as certified by a health care professional.

9 e. A health care facility or health care professional shall defer  
10 repayment of the outstanding balance of an amount owed by a  
11 patient for health care services, including any interest owed on the  
12 balance, in the event that the patient becomes temporarily totally  
13 disabled, as certified by a health care professional. The deferment  
14 shall begin on the date the patient's temporary total disability is  
15 certified to begin and shall end on the date that the patient's  
16 temporary total disability is certified to end. No interest shall  
17 accrue on the deferred amount during the deferment period.

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19 2. This act shall take effect the first day of the sixth month next  
20 following date of enactment.

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#### STATEMENT

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25 This bill revises the requirements for collecting outstanding  
26 debts for health care services, including delaying when debts may  
27 be referred to collection agencies, requiring the option of income-  
28 based repayment plans, providing for deferrals on repayment in the  
29 event of temporary total disability, and providing for discharge of  
30 the debt in the event of permanent total disability or death.

31 Specifically, the bill prohibits a health care facility or health care  
32 professional from referring the outstanding balance of any amount  
33 owed by a patient for health care services to a collection agency or  
34 for legal action until at least 90 days after the date the patient was  
35 first provided a bill for the health care services.

36 Prior to referring the debt to a collection agency or for legal  
37 action, the facility or professional will be required to offer the  
38 patient the option to participate in an income-based repayment plan,  
39 under which the patient agrees to make monthly payments in a  
40 reasonable and affordable amount that does not exceed 15 percent  
41 of the patient's discretionary income. The patient will be required  
42 to provide appropriate documentation to verify the patient's  
43 discretionary income.

44 A debt that is subject to an income-based repayment plan may  
45 not be referred to a collection agency or for legal action for such  
46 time as the patient is compliant with the repayment plan. A patient  
47 will be deemed to be compliant with the repayment plan if the  
48 patient makes at least 11 scheduled payments within a 12-month

1 period. If the patient misses a scheduled payment, the patient will  
2 be required to contact the facility or professional to whom the debt  
3 is owed to identify a strategy to make up the missed payment within  
4 one year of the date of the missed payment. The facility or  
5 professional may choose to waive any additional missed payments  
6 that occur within a 12-month period and allow the patient to remain  
7 in the income-based repayment plan in lieu of referring the  
8 outstanding debt to a collection agency or for legal action.

9 The bill provides that the outstanding balance of a medical debt,  
10 including any accrued interest, will be fully discharged by the  
11 facility or professional to whom the balance is owed in the event the  
12 patient dies or becomes totally and permanently disabled, as  
13 certified by a health care professional. As defined in the bill,  
14 “totally and permanently disabled” means “the condition of an  
15 individual who is unable to work and earn money because of an  
16 injury or illness that is expected to continue indefinitely or result in  
17 death.”

18 A facility or professional will be required to defer repayment of  
19 medical debts, including any interest owed on the balance, in the  
20 event that the patient becomes temporarily totally disabled, as  
21 certified by a health care professional. As defined in the bill,  
22 “temporary total disability” means “the condition of an individual  
23 who is unable to work and earn money because of an injury or  
24 illness that is expected to be of limited duration and from which the  
25 individual is expected to recover.” A deferment on the basis of a  
26 temporary total disability will begin on the date the temporary total  
27 disability is certified to begin and end on the date that the patient’s  
28 temporary total disability is certified to end. No interest will accrue  
29 on the deferred amount during the deferment period.