

**SENATE, No. 2806**

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**STATE OF NEW JERSEY**

**221st LEGISLATURE**

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INTRODUCED FEBRUARY 22, 2024

**Sponsored by:**

**Senator SHIRLEY K. TURNER**

**District 15 (Hunterdon and Mercer)**

**Senator M. TERESA RUIZ**

**District 29 (Essex and Hudson)**

**Co-Sponsored by:**

**Senators Timberlake and Diegnan**

**SYNOPSIS**

“Louisa Carman Medical Debt Relief Act.”

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 5/6/2024)**

1 AN ACT concerning the report and collection of medical debt and  
2 supplementing Title 56 of the Revised Statutes.

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

6  
7 1. P.L. , c. (C. ) (pending before the Legislature as this  
8 bill) shall be known and may be cited as the “Louisa Carman  
9 Medical Debt Relief Act.”

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11 2. As used in P.L. , c. (C. ) (pending before the  
12 Legislature as this bill):

13 “Collection action” means any of the following:

14 (1) selling an individual's debt to another party;

15 (2) reporting adverse information about the patient to a  
16 consumer reporting agency; or

17 (3) actions related to the collection of an individual’s debt to  
18 another party that require a legal or judicial process, including but  
19 not limited to placing a lien on an individual's property, attaching or  
20 seizing an individual's bank account or any other personal property,  
21 commencing a civil action against an individual, or garnishing an  
22 individual's wages.

23 “Consumer reporting agency” means any person which, for  
24 monetary fees, dues, or on a cooperative nonprofit basis, regularly  
25 engages, in whole or in part, in the practice of assembling or  
26 evaluating consumer credit information or other information on  
27 consumers for the purpose of furnishing consumer reports to third  
28 parties, and which uses any means or facility for the purpose of  
29 preparing or furnishing consumer reports.

30 “Health care service” means the preadmission, outpatient,  
31 inpatient, and post discharge care provided in or by a health care  
32 facility, and such other items or services as are necessary for such  
33 care, including but not limited to medical devices, which are  
34 provided for the purpose of health maintenance, diagnosis, or  
35 treatment of human disease, pain, injury, disability, deformity, or  
36 physical condition, including, but not limited to, nursing service,  
37 home care nursing, and other paramedical service, ambulance  
38 service, dental and vision services, service provided by an intern,  
39 resident in training or physician whose compensation is provided  
40 through agreement with a health care facility, laboratory service,  
41 medical social service, drugs, biologicals, supplies, appliances,  
42 equipment, bed and board, including services provided by a health  
43 care professional in private practice.

44 “Medical creditor” means any entity that provides health care  
45 services and to whom a patient owes money for health care services,  
46 or the entity that provided health care services and to whom the  
47 patient previously owed money if the medical debt has been  
48 purchased by one or more debt buyers.

1       “Medical debt” means a debt arising from the receipt of health  
2       care services. “Medical debt” does not include debt charged to a  
3       credit card unless the credit card is issued under an open-end or  
4       closed-end credit plan offered specifically for the payment of health  
5       care services or goods.

6       “Medical debt buyer” means a person or entity that is engaged in  
7       the business of purchasing medical debts for collection purposes,  
8       whether it collects the debt itself or hires a third party for collection  
9       or an attorney-at-law for litigation in order to collect such debt.

10      “Medical debt collector” means any person that regularly collects  
11      or attempts to collect, directly or indirectly, medical debts originally  
12      owed or due or asserted to be owed or due to another. A medical  
13      debt buyer is considered to be a medical debt collector for all  
14      purposes.

15      “Patient” means the person who received health care services,  
16      and for the purposes of P.L. , c. (C. ) (pending before the  
17      Legislature as this bill) includes a parent or legal guardian if the  
18      patient is a minor, or a legal guardian if the patient is an adult under  
19      guardianship.

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21      3. No consumer reporting agency may make any consumer  
22      report containing a patient’s paid medical debt or a medical debt of  
23      less than \$500 regardless of the date it was incurred. A medical  
24      creditor or medical debt collector shall not report a patient’s  
25      medical debt to any consumer reporting agency for health care  
26      services performed on and after the effective date of  
27      P.L. , c. (C. ) (pending before the Legislature as this bill).

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29      4. a. Notwithstanding any provision of law or regulation to the  
30      contrary, except as otherwise provided in subsection c. of this  
31      section, a medical creditor or medical debt collector shall not  
32      engage in any permissible collection actions until 180 days after the  
33      first bill for a medical debt has been sent.

34      b. At least 30 days before taking any collection actions, a  
35      medical creditor or medical debt collector shall provide to the  
36      patient at least one additional bill and a notice containing the  
37      following:

38          (1) identifying the collection actions that will be initiated in  
39          order to obtain payment; and

40          (2) providing a deadline after which such collection actions will  
41          be initiated, which date is no earlier than 30 days after the date of  
42          the notice.

43      c. A medical debtor may sell an individual’s debt to another  
44      party unless, prior to the sale, the medical creditor has entered into  
45      a legally binding written agreement with the medical debt buyer of  
46      the debt pursuant to which the medical debt buyer or collector is  
47      prohibited from engaging in any actions in paragraphs (2) and (3) of  
48      the definition of “collection action” in section 2 of

1 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
2 from otherwise seeking to obtain payment for the health care  
3 service.

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5 5. a. A medical creditor or medical debt collector that knows or  
6 reasonably should know that an internal review, external review, or  
7 other appeal of a health insurance decision which provides the basis  
8 for a medical debt is pending now or was pending within the  
9 previous 60 days shall not:

10 (1) communicate with the patient regarding the unpaid charges  
11 for health care services for the purpose of seeking to collect the  
12 charges; or

13 (2) initiate a lawsuit or arbitration proceeding against the patient  
14 relative to unpaid charges for health care services.

15 b. If a medical debt has already been reported to a consumer  
16 reporting agency and the medical creditor or medical debt collector  
17 who reported the information learns of an internal review, external  
18 review, or other appeal of a health insurance decision which  
19 provides the basis for a medical debt is pending now or was pending  
20 within the previous 60 days, or learns that the medical debt has  
21 been paid, the medical creditor or medical debt collector shall  
22 instruct the consumer reporting agency to delete the information  
23 about the debt.

24 c. A medical creditor that knows or reasonably should know  
25 about an internal review, external review, or other appeal of a  
26 health insurance decision that is pending now or was pending within  
27 the previous 60 days shall not refer, place, or send the unpaid  
28 charges for health care services to a medical debt collector,  
29 including by selling the debt to a medical debt buyer.

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31 6. a. Any portion of a medical debt that is furnished to a  
32 consumer reporting agency in violation of the provisions of  
33 P.L. , c. (C. ) (pending before the Legislature as this bill) shall  
34 be void.

35 b. It shall be an unlawful practice and a violation of P.L.1960,  
36 c.39 (C.56:8-1 et seq.) for a medical creditor or medical debt  
37 collector to undertake a collection action in violation of the  
38 provisions of P.L. , c. (C. ) (pending before the Legislature as  
39 this bill).

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41 7. The provisions of this act shall be severable; and if any  
42 phrase, clause, sentence, or provision is deemed unenforceable, the  
43 remaining provisions of this act shall be enforceable. The  
44 provisions of this act shall be liberally construed to effectuate its  
45 purposes.

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47 8. This act shall take effect immediately.

STATEMENT

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This bill, titled the “Louisa Carman Medical Debt Relief Act,” prohibits a consumer reporting agency from creating a consumer report containing a patient’s paid medical debt or a medical debt worth less than \$500, regardless of the date the medical debt was incurred. The bill prohibits a medical creditor or medical debt collector from reporting a patient’s medical debt to any consumer reporting agency. The bill provides certain protections to patients with medical debt from collection actions by medical creditors and medical debt collectors.

The bill also provides that any portion of a medical debt furnished to a consumer reporting agency in violation of the bill will be void, and that it will be a violation of the “consumer fraud act” for a medical debt collector or creditor to violate the medical debt provisions of the bill.