ASSEMBLY, No. 4335

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED AUGUST 27, 2018

Sponsored by:
Assemblywoman JOANN DOWNEY
District 11 (Monmouth)
Assemblyman ERIC HOUGHTALING
District 11 (Monmouth)
Assemblywoman VERLINA REYNOLDS-JACKSON
District 15 (Hunterdon and Mercer)
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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
As introduced.

(Sponsorship Updated As Of: 8/26/2019)
AN ACT concerning medical debt and supplementing Title 26 of the Revised Statutes.

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

1. a. As used in this section:

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

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

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

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

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

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

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

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

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

STATEMENT

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

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

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

A debt that is subject to an income-based repayment plan may not be referred to a collection agency or for legal action for such time as the patient is compliant with the repayment plan. A patient will be deemed to be compliant with the repayment plan if the patient makes at least 11 scheduled payments within a 12-month
period. If the patient misses a scheduled payment, the patient will be required to contact the facility or professional to whom the debt is owed to identify a strategy to make up the missed payment within one year of the date of the missed payment. The facility or professional may choose to waive any additional missed payments that occur within a 12-month period and allow the patient to remain in the income-based repayment plan in lieu of referring the outstanding debt to a collection agency or for legal action.

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

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