

P.L. 2024, CHAPTER 48, *approved July 22, 2024*
Assembly, No. 3861 (*Second Reprint*)

1 AN ACT concerning the report and collection of medical debt and
2 supplementing ²["Title 56 of the Revised Statutes"] P.L.1997,
3 c.172 (C.56:11-28 et seq.)².

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

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

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

14 "Collection action" means any ¹["of the following"] action ²["or
15 inaction"]² on the part of a medical creditor with respect to a medical
16 debt, and includes, but is not limited to¹:

17 (1) selling ²["an individual's"] a patient's² debt to another party;

18 (2) reporting ¹["adverse"]¹ information about the patient to a
19 consumer reporting agency; or

20 (3) actions related to the collection of ²["an individual's"] a
21 patient's² debt to another party that require a legal or judicial process,
22 including but not limited to placing a lien on ²["an individual's"] a
23 patient's² property, attaching or seizing ²["an individual's"] a patient's²
24 bank account or any other personal property, commencing a civil
25 action against ²["an individual"] a patient², or garnishing ²["an
26 individual's"] a patient's² wages.

27 ²["¹The term "collection"] "Collection² action" shall not include:
28 reasonable attempts by a medical creditor to send an invoice or bill to
29 ²["an individual"] a patient², ²["which shall include sending an invoice
30 or bill and one reminder"] or reminders² to pay an invoice or bill; ²or²
31 collecting a copayment ², coinsurance, deductible, or payment² from
32 the ²["individual"] patient² at the point of service²["; or, in the case of a
33 nursing home that is providing health care services to a patient, placing
34 a lien on the patient's primary residence or personal property to collect
35 medical debt"]² ¹.

36 "Consumer reporting agency" means any person ¹or entity¹ which,
37 for monetary fees, dues, or on a cooperative nonprofit basis, regularly
38 engages, in whole or in part, in the practice of assembling or

1 evaluating consumer credit information or other information on
2 consumers for the purpose of furnishing consumer reports to third
3 parties, and which uses any means or facility for the purpose of
4 preparing or furnishing consumer reports.

5 ²1“Essential living expenses” means expenses for any of the
6 following: rent or house payment and maintenance; food and
7 household supplies; utilities and telephone; clothing; medical and
8 dental payments; insurance; school or child care; child or spousal
9 support; transportation and auto expenses, including insurance, gas,
10 and repairs; laundry and cleaning; and other similar expenses. **1**

11 “Cosmetic medical procedure” means any medical procedure
12 performed on a patient that is primarily directed at improving the
13 procedure subject's appearance and that does not meaningfully
14 promote the proper function of the body or prevent or treat illness or
15 disease and any other cosmetic procedure or service not deemed to be
16 medically necessary, as that term is defined pursuant to section 4 of
17 P.L.2023, c.296 (C.17B:30-55.3). “Cosmetic medical procedure” does
18 not include reconstructive surgery or dentistry. ²

19 “Health care facility” means health care facility as defined in
20 section 2 of P.L.1971, c.136 (C.26:2H-2).

21 “Health care provider” means a person or entity which, acting
22 within the scope of its licensure or certification, provides a health care
23 service. Health care provider includes, but is not limited to, a
24 physician, dentist and other health care professionals licensed pursuant
25 to Title 45 of the Revised Statutes, and a hospital and other health care
26 facilities licensed pursuant to Title 26 of the Revised Statutes. ¹

27 “Health care service” means the preadmission, outpatient,
28 inpatient, and post discharge care provided ¹**1**in or ¹**1**by a health care
29 facility ¹or a health care provider¹, and such other items or services as
30 are necessary for such care, including but not limited to medical
31 devices, which are provided for the purpose of health maintenance,
32 diagnosis, or treatment of human disease, pain, injury, disability,
33 deformity, or physical condition, including, but not limited to, nursing
34 service, home care nursing, and other paramedical service, ambulance
35 ¹**1**service **1**and other medical transport services¹, dental and vision
36 services, service provided by an intern, resident in training or
37 physician whose compensation is provided through agreement with a
38 health care facility, laboratory service, medical social service, drugs,
39 biologicals, supplies, appliances, equipment, bed and board, including
40 services provided by a health care professional in private practice.
41 ²“Health care service” shall not include cosmetic medical procedures. ²

42 ²1“Household income” means the combined income of all
43 household members determined by the most recent State income tax
44 returns. ¹**1**²

45 “Medical creditor” means any ¹person or¹ entity that provides
46 health care services and to whom a patient owes money for health care
47 services, or the entity that provided health care services and to whom

1 the patient previously owed money if the medical debt has been
2 purchased by one or more debt buyers.

3 “Medical debt” means a debt arising from the receipt of health care
4 services. “Medical debt” ²~~does~~ shall² not include¹:¹ debt charged to
5 a credit card unless the credit card is issued under an open-end or
6 closed-end credit plan offered ¹~~specifically~~ solely¹ for the payment
7 of health care services ¹~~or goods~~ ²or goods²; debt arising from
8 services provided by a veterinarian; debt charged to a home equity or
9 general purpose line of credit; ²debt arising from an insurance
10 payment for the health care provider’s services but retained by the
11 subscriber;² or secured debt¹.

12 “Medical debt buyer” means a person or entity that is engaged in
13 the business of purchasing medical debts for collection purposes,
14 whether it collects the debt itself or hires a third party ¹billing entity¹
15 for collection or an attorney-at-law for litigation in order to collect
16 such debt.

17 “Medical debt collector” means any person ¹or entity¹ that
18 regularly collects or attempts to collect, directly or indirectly, medical
19 debts originally owed or due or asserted to be owed or due to another.
20 A medical debt buyer is considered to be a medical debt collector for
21 all purposes.

22 “Patient” means the person who received health care services, and
23 for the purposes of P.L. , c. (C.) (pending before the Legislature
24 as this bill) includes a parent or legal guardian if the patient is a minor,
25 or a legal guardian if the patient is an adult under guardianship ¹or any
26 other person liable or allegedly liable for any financial obligation
27 incurred for health care services.

28 “Personal property” means real property and movable property not
29 affixed to land, and includes, but is not limited to, bank accounts,
30 motor vehicles, goods, merchandise, and household items.

31 “Reasonable payment plan” means ²~~monthly payments that are~~
32 not more than five percent of a patient’s household income for a
33 month, excluding deductions for essential living expenses¹ a
34 structured repayment arrangement that satisfies the following:

35 (1) monthly payment amounts shall be set at a level that the patient
36 can reasonably afford or not more than three percent of the patient’s
37 monthly income, if known by the medical creditor or medical debt
38 collector;

39 (2) the duration shall allow the patient to repay the debt in full
40 within a reasonable timeframe, which shall include, but not be limited
41 to, a timeframe that is between six months and five years in length,
42 based on the total amount owed and the patient’s financial capacity;

43 (3) the plan shall include provisions for adjusting the payment
44 amounts and duration in response to significant changes in the
45 patient’s financial circumstances;

46 (4) the terms of the payment plan shall be clearly documented in a
47 written agreement provided to the patient, including the total amount

1 owed, the monthly payment amount, the payment schedule, and any
2 interest;

3 (5) the plan shall provide a grace period of at least 60 days for late
4 payments; and

5 (6) the plan shall not charge an interest rate on a medical debt of
6 more than three percent per annum².

7 “Third party billing entity” means a person or entity that is paid by
8 a health care provider or medical debt buyer to process claims or
9 claims payments on behalf of the health care provider¹.

10

11 ¹3.No consumer reporting agency may make any consumer
12 report containing a patient’s paid medical debt or a medical debt of
13 less than \$500 regardless of the date it was incurred. A medical
14 creditor or medical debt collector shall not report a patient’s
15 medical debt to any consumer reporting agency for health care
16 services performed on and after the effective date of
17 P.L. , c. (C.) (pending before the Legislature as this bill).¹

18

19 ¹3. a. A medical creditor or medical debt collector shall not report
20 a patient’s medical debt to any consumer reporting agency for health
21 care services performed on and after the effective date of
22 P.L. , c. (C.) (pending before the Legislature as this bill).

23 b. A consumer reporting agency shall not make any consumer
24 report containing a patient’s paid medical debt or a medical debt of
25 less than \$500 regardless of the date it was incurred.¹

26

27 4. a. Notwithstanding any provision of law or regulation to the
28 contrary, except as otherwise provided in subsection c. of this section,
29 a medical creditor or medical debt collector shall not engage in any
30 ²permissible² collection actions until ¹~~180~~ 120¹ days after the
31 first bill for a medical debt has been sent ¹and the creditor or debt
32 collector has offered the ²~~individual~~ patient² who owes the medical
33 debt a reasonable payment plan¹.

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

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

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

42 c. ¹Any communication made by a medical creditor or medical
43 debt collector to a patient in the course of trying to collect a medical
44 debt shall include a statement, in at least 14-point boldface font, that
45 the medical creditor or medical debt collector has not reported the debt
46 to a consumer reporting agency and that if the debt, or any part of it,

1 has been reported to a consumer reporting agency, the portion reported
2 is void.

3 d.¹ A medical ¹[debtor may] creditor shall not¹ sell ²[an
4 individual's] a patient's² debt to another party unless, prior to the sale,
5 the medical creditor has entered into a legally binding written
6 agreement with the medical debt buyer of the debt pursuant to which
7 the medical debt buyer or collector is prohibited from engaging in any
8 actions in paragraphs (2) and (3) of the definition of "collection
9 action" in section 2 of P.L. , c. (C.) (pending before the
10 Legislature as this bill) and from otherwise seeking to obtain payment
11 for the health care service.

12 ²[¹d.] e.² (1) A medical creditor or medical debt collector
13 shall not engage in any ²[permissible]² collection actions against a
14 patient who accepts and complies with the terms of a reasonable
15 payment plan offered by the medical creditor or medical debt collector
16 pursuant to this section. A medical creditor or medical debt collector
17 shall not charge an interest rate of more than three percent per annum
18 on late payments to a medical debt subject to a reasonable payment
19 plan and shall provide a grace period of at least ²[90] 60² days for late
20 payments.

21 (2) Acceptance of a reasonable payment plan pursuant to this
22 section by a patient shall not constitute an admission that the debt is
23 valid. A patient who accepts a reasonable payment plan shall retain
24 any legal defenses that would otherwise be available in a
25 ²[permissible]² collection action.¹

26

27 ¹5. A medical creditor or medical debt collector shall not:

28 a. charge an interest rate on a medical debt of more than three
29 percent per annum. The interest rate that shall apply to any judgment
30 on medical debt shall be calculated pursuant to applicable court rules
31 but shall not exceed three percent; ²or²

32 b. garnish the wages of ²[an individual] a patient with annual
33 income less than 600 percent of the federal poverty level² to collect
34 medical debt owed by that ²[individual; or

35 c. place a lien on an individual's primary residence or personal
36 property to collect medical debt owed by that individual. This
37 subsection shall not apply to any nursing home providing health care
38 services and to whom a patient owes money for health care services]
39 patient².¹

40

41 ¹[5.] 6.¹ a. A medical creditor or medical debt collector that
42 knows ²[or reasonably should know]² that an internal review,
43 external review, or other appeal of a health insurance decision
44 which provides the basis for a medical debt is pending ²[now or
45 was pending within the previous 60 days]² shall not:

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

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

6 b. If a medical debt has already been reported to a consumer
7 reporting agency and the medical creditor or medical debt collector
8 who reported the information learns of an internal review, external
9 review, or other appeal of a health insurance decision which
10 provides the basis for a medical debt is pending ²【now or was
11 pending within the previous 60 days】², or learns that the medical
12 debt has been paid, the medical creditor or medical debt collector
13 shall instruct the consumer reporting agency to delete the
14 information about the debt.

15 c. A medical creditor that knows ²【or reasonably should
16 know】² about an internal review, external review, or other appeal of
17 a health insurance decision that is pending ²【now or was pending
18 within the previous 60 days】² shall not refer, place, or send the
19 unpaid charges for health care services to a medical debt collector,
20 including by selling the debt to a medical debt buyer.

21

22 ¹【6.】¹ 7. a. Any portion of a medical debt that is furnished to a
23 consumer reporting agency in violation of the provisions of
24 P.L. , c. (C.) (pending before the Legislature as this bill) shall be
25 void.

26 b. It shall be ²【an unlawful practice and】² a violation of
27 ²【P.L.1960, c.39 (C.56:8-1 et seq.)】 ²【P.L.1997, c.172 (C.56:11-28 et
28 seq.)】² for a medical creditor or medical debt collector to undertake a
29 collection action in violation of the provisions of P.L. , c. (C.)
30 (pending before the Legislature as this bill).

31 ²c. In addition to the assessment of civil penalties, the Attorney
32 General or the Attorney General's designee may, after a hearing and
33 upon a finding of a practice in violation of P.L. , c. (C.)
34 (pending before the Legislature as this bill), order that any moneys or
35 property, real or personal, which have been acquired by means of the
36 practice in violation of P.L. , c. (C.) (pending before the
37 Legislature as this bill) be restored to any person in interest.

38 d. Notwithstanding any provision of P.L.1997, c.172 (C.56:11-28
39 et seq.) to the contrary, the Office of the Attorney General shall have
40 sole and exclusive authority to enforce a violation of P.L. , c.
41 (C.) (pending before the Legislature as this bill) and nothing in
42 P.L. , c. (C.) (pending before the Legislature as this bill) shall
43 be construed as providing the basis for a private right of action arising
44 solely from a violation of P.L. , c. (C.) (pending before the
45 Legislature as this bill).

1 e. In any instance where the provisions of this section conflict
2 with the provision of P.L.1997, c.172 (C.56:11-28 et seq.), the
3 provisions of this section shall prevail.²

4
5 ¹~~[7.]~~ ¹8. The provisions of this act shall be severable; and if
6 any phrase, clause, sentence, or provision is deemed unenforceable,
7 the remaining provisions of this act shall be enforceable. The
8 provisions of this act shall be liberally construed to effectuate its
9 purposes.

10
11 ¹~~[8.]~~ ¹9. ²~~[This]~~ Sections 3 and 7 of ²this² act shall take effect
12 ¹~~[immediately]~~ ²~~[on the 180th day]~~ immediately and the
13 remainder of this act shall take effect one year² following the date
14 of enactment¹.

15
16
17 _____
18
19 “Louisa Carman Medical Debt Relief Act.”

CHAPTER 48

AN ACT concerning the report and collection of medical debt and supplementing P.L.1997, c.172 (C.56:11-28 et seq.).

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

C.56:11-56 Short title.

1. P.L.2024, c.48 (C.56:11-56 et seq.) shall be known and may be cited as the “Louisa Carman Medical Debt Relief Act.”

C.56:11-57 Definitions.

2. As used in P.L.2024, c.48 (C.56:11-56 et seq.):

“Collection action” means any action on the part of a medical creditor with respect to a medical debt, and includes, but is not limited to:

selling a patient’s debt to another party;

reporting information about the patient to a consumer reporting agency; or

actions related to the collection of a patient’s debt to another party that require a legal or judicial process, including, but not limited to, placing a lien on a patient’s property, attaching or seizing a patient’s bank account or any other personal property, commencing a civil action against a patient, or garnishing a patient’s wages.

“Collection action” shall not include: reasonable attempts by a medical creditor to send an invoice or bill to a patient or reminders to pay an invoice or bill; or collecting a copayment, coinsurance, deductible, or payment from the patient at the point of service.

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

“Cosmetic medical procedure” means any medical procedure performed on a patient that is primarily directed at improving the procedure subject’s appearance and that does not meaningfully promote the proper function of the body or prevent or treat illness or disease and any other cosmetic procedure or service not deemed to be medically necessary, as that term is defined pursuant to section 4 of P.L.2023, c.296 (C.17B:30-55.3). “Cosmetic medical procedure” does not include reconstructive surgery or dentistry.

“Health care facility” means health care facility as defined in section 2 of P.L.1971, c.136 (C.26:2H-2).

“Health care provider” means a person or entity which, acting within the scope of its licensure or certification, provides a health care service. Health care provider includes, but is not limited to, a physician, dentist, and other health care professionals licensed pursuant to Title 45 of the Revised Statutes and a hospital and other health care facilities licensed pursuant to Title 26 of the Revised Statutes.

“Health care service” means the preadmission, outpatient, inpatient, and post-discharge care provided by a health care facility or a health care provider and such other items or services as are necessary for such care, including, but not limited to, medical devices, which are provided for the purpose of health maintenance, diagnosis, or treatment of human disease, pain, injury, disability, deformity, or physical condition, including, but not limited to, nursing service, home care nursing, and other paramedical service, ambulance and other medical transport services, dental and vision services, service provided by an intern, resident in training, or physician whose compensation is provided through agreement with a health care

facility, laboratory service, medical social service, drugs, biologicals, supplies, appliances, equipment, and bed and board, including services provided by a health care professional in private practice. "Health care service" shall not include cosmetic medical procedures.

"Medical creditor" means any person or entity that provides health care services and to whom a patient owes money for health care services or the entity that provided health care services and to whom the patient previously owed money if the medical debt has been purchased by one or more debt buyers.

"Medical debt" means a debt arising from the receipt of health care services. "Medical debt" shall not include: debt charged to a credit card unless the credit card is issued under an open-end or closed-end credit plan offered solely for the payment of health care services or goods; debt arising from services provided by a veterinarian; debt charged to a home equity or general purpose line of credit; debt arising from an insurance payment for the health care provider's services, but retained by the subscriber; or secured debt.

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

"Medical debt collector" means any person or entity that regularly collects or attempts to collect, directly or indirectly, medical debts originally owed, due, or asserted to be owed or due to another. A medical debt buyer is considered to be a medical debt collector for all purposes.

"Patient" means the person who received health care services and, for the purposes of P.L.2024, c.48 (C.56:11-56 et seq.), includes a parent or legal guardian if the patient is a minor, a legal guardian if the patient is an adult under guardianship, or any other person liable or allegedly liable for any financial obligation incurred for health care services.

"Personal property" means real property and movable property not affixed to land, and includes, but is not limited to, bank accounts, motor vehicles, goods, merchandise, and household items.

"Reasonable payment plan" means a structured repayment arrangement that satisfies the following: monthly payment amounts shall be set at a level that the patient can reasonably afford or not more than three percent of the patient's monthly income, if known by the medical creditor or medical debt collector;

the duration shall allow the patient to repay the debt in full within a reasonable timeframe, which shall include, but not be limited to, a timeframe that is between six months and five years in length, based on the total amount owed and the patient's financial capacity;

the plan shall include provisions for adjusting the payment amounts and duration in response to significant changes in the patient's financial circumstances;

the terms of the payment plan shall be clearly documented in a written agreement provided to the patient, including the total amount owed, the monthly payment amount, the payment schedule, and any interest;

the plan shall provide a grace period of at least 60 days for late payments; and

the plan shall not charge an interest rate on a medical debt of more than three percent per annum.

"Third party billing entity" means a person or entity that is paid by a health care provider or medical debt buyer to process claims or claims payments on behalf of the health care provider.

C.56:11-58 Reporting patient medical debt by creditor, collector, consumer reporting agency, prohibited.

3. a. A medical creditor or medical debt collector shall not report a patient's medical debt to any consumer reporting agency for health care services performed on and after the effective date of P.L.2024, c.48 (C.56:11-56 et seq.).

b. A consumer reporting agency shall not make any consumer report containing a patient's paid medical debt or a medical debt of less than \$500 regardless of the date it was incurred.

C.56:11-59 Collection actions, medical debt, limits.

4. a. Notwithstanding any provision of law or regulation to the contrary, except as otherwise provided in subsection c. of this section, a medical creditor or medical debt collector shall not engage in any collection actions until 120 days after the first bill for a medical debt has been sent and the creditor or debt collector has offered the patient who owes the medical debt a reasonable payment plan.

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

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

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

c. Any communication made by a medical creditor or medical debt collector to a patient in the course of trying to collect a medical debt shall include a statement, in at least 14-point boldface font, that the medical creditor or medical debt collector has not reported the debt to a consumer reporting agency and that if the debt, or any part of it, has been reported to a consumer reporting agency, the portion reported is void.

d. A medical creditor shall not sell a patient's debt to another party unless, prior to the sale, the medical creditor has entered into a legally binding written agreement with the medical debt buyer of the debt pursuant to which the medical debt buyer or collector is prohibited from engaging in any actions in paragraphs (2) and (3) of the definition of "collection action" in section 2 of P.L.2024, c.48 (C.56:11-57) and from otherwise seeking to obtain payment for the health care service.

e. (1) A medical creditor or medical debt collector shall not engage in any collection actions against a patient who accepts and complies with the terms of a reasonable payment plan offered by the medical creditor or medical debt collector pursuant to this section. A medical creditor or medical debt collector shall not charge an interest rate of more than three percent per annum on late payments to a medical debt subject to a reasonable payment plan and shall provide a grace period of at least 60 days for late payments.

(2) Acceptance of a reasonable payment plan pursuant to this section by a patient shall not constitute an admission that the debt is valid. A patient who accepts a reasonable payment plan shall retain any legal defenses that would otherwise be available in a collection action.

C.56:11-60 Medical creditor, debt collector, interest rates, limited wage garnishing.

5. A medical creditor or medical debt collector shall not:

a. charge an interest rate on a medical debt of more than three percent per annum. The interest rate that shall apply to any judgment on medical debt shall be calculated pursuant to applicable court rules but shall not exceed three percent; or

b. garnish the wages of a patient with annual income less than 600 percent of the federal poverty level to collect medical debt owed by that patient.

C.56:11-61 Medical creditor, debt collector, pending review, restrictions.

6. a. A medical creditor or medical debt collector that knows that an internal review, external review, or other appeal of a health insurance decision which provides the basis for a medical debt is pending shall not:

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

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

b. If a medical debt has already been reported to a consumer reporting agency and the medical creditor or medical debt collector who reported the information learns of an internal review, external review, or other appeal of a health insurance decision which provides the basis for a medical debt is pending, or learns that the medical debt has been paid, the medical creditor or medical debt collector shall instruct the consumer reporting agency to delete the information about the debt.

c. A medical creditor that knows about an internal review, external review, or other appeal of a health insurance decision that is pending shall not refer, place, or send the unpaid charges for health care services to a medical debt collector, including by selling the debt to a medical debt buyer.

C.56:11-62 Medical debt furnished to consumer reporting agency in violation, voided; penalties; moneys, properties restored.

7. a. Any portion of a medical debt that is furnished to a consumer reporting agency in violation of the provisions of P.L.2024, c.48 (C.56:11-56 et seq.) shall be void.

b. It shall be a violation of P.L.1997, c.172 (C.56:11-28 et seq.) for a medical creditor or medical debt collector to undertake a collection action in violation of the provisions of P.L.2024, c.48 (C.56:11-56 et seq.).

c. In addition to the assessment of civil penalties, the Attorney General or the Attorney General's designee may, after a hearing and upon a finding of a practice in violation of P.L.2024, c.48 (C.56:11-56 et seq.), order that any moneys or property, real or personal, which have been acquired by means of the practice in violation P.L.2024, c.48 (C.56:11-56 et seq.) be restored to any person in interest.

d. Notwithstanding any provision of P.L.1997, c.172 (C.56:11-28 et seq.) to the contrary, the Office of the Attorney General shall have sole and exclusive authority to enforce a violation of P.L.2024, c.48 (C.56:11-56 et seq.) and nothing in P.L.2024, c.48 (C.56:11-56 et seq.) shall be construed as providing the basis for a private right of action arising solely from a violation of P.L.2024, c.48 (C.56:11-56 et seq.).

e. In any instance where the provisions of this section conflict with the provision of P.L.1997, c.172 (C.56:11-28 et seq.), the provisions of this section shall prevail.

C.56:11-63 Severability.

8. The provisions of this act shall be severable and if any phrase, clause, sentence, or provision is deemed unenforceable, the remaining provisions of this act shall be enforceable. The provisions of this act shall be liberally construed to effectuate its purposes.

9. Sections 3 and 7 of this act shall take effect immediately and the remainder of this act shall take effect one year following the date of enactment.

Approved July 22, 2024.

ASSEMBLY, No. 3861

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington)

Co-Sponsored by:

Assemblyman Sampson, Assemblywomen Quijano, McCoy, Donlon and Speight

SYNOPSIS

“Louisa Carman Medical Debt Relief Act.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/27/2024)

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

3

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.”

10

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.

20

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).

28

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.

4

5 5. a. A medical creditor or medical debt collector that knows
6 or reasonably should know that an internal review, external review,
7 or other appeal of a health insurance decision which provides the
8 basis 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.

30

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

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

39

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

45

46 8. This act shall take effect immediately.

STATEMENT

1

2

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

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

[First Reprint]

ASSEMBLY, No. 3861

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington)

Co-Sponsored by:

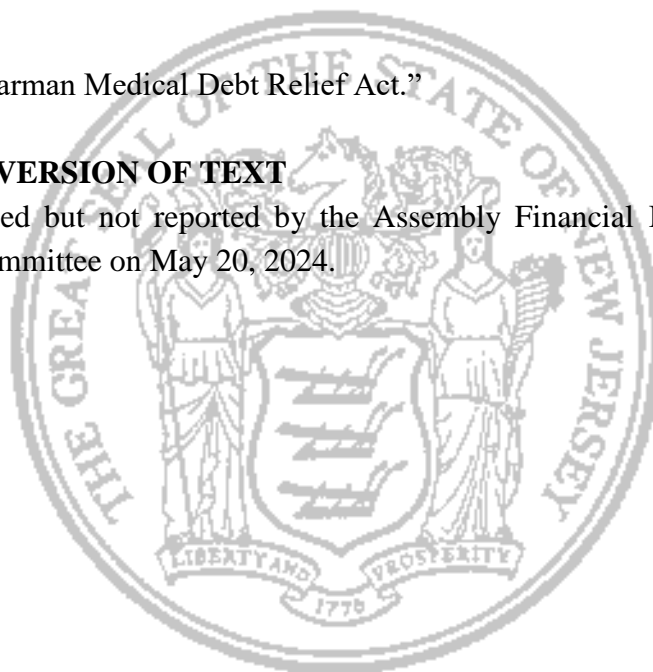
Assemblyman Sampson, Assemblywomen Quijano, McCoy, Donlon, Speight, Ramirez, Assemblyman Karabinchak, Assemblywoman Morales, Assemblymen Calabrese, Rodriguez and Assemblywoman Murphy

SYNOPSIS

“Louisa Carman Medical Debt Relief Act.”

CURRENT VERSION OF TEXT

As amended but not reported by the Assembly Financial Institutions and Insurance Committee on May 20, 2024.



(Sponsorship Updated As Of: 6/13/2024)

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

3

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.”

10

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

13 “Collection action” means any ¹**[of the following]** action or
14 inaction on the part of a medical creditor with respect to a medical
15 debt, and includes, but is not limited to¹:

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

17 (2) reporting ¹**[adverse]**¹ information about the patient to a
18 consumer reporting agency; or

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

25 ¹The term “collection action” shall not include: reasonable
26 attempts by a medical creditor to send an invoice or bill to an
27 individual, which shall include sending an invoice or bill and one
28 reminder to pay an invoice or bill; collecting a copayment from the
29 individual at the point of service; or, in the case of a nursing home that
30 is providing health care services to a patient, placing a lien on the
31 patient’s primary residence or personal property to collect medical
32 debt.¹

33 “Consumer reporting agency” means any person ¹or entity¹ which,
34 for monetary fees, dues, or on a cooperative nonprofit basis, regularly
35 engages, in whole or in part, in the practice of assembling or
36 evaluating consumer credit information or other information on
37 consumers for the purpose of furnishing consumer reports to third
38 parties, and which uses any means or facility for the purpose of
39 preparing or furnishing consumer reports.

40 ¹“Essential living expenses” means expenses for any of the
41 following: rent or house payment and maintenance; food and
42 household supplies; utilities and telephone; clothing; medical and
43 dental payments; insurance; school or child care; child or spousal

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AFI committee amendments adopted May 20, 2024.

1 support; transportation and auto expenses, including insurance, gas,
2 and repairs; laundry and cleaning; and other similar expenses.

3 “Health care facility” means health care facility as defined in
4 section 2 of P.L.1971, c.136 (C.26:2H-2).

5 “Health care provider” means a person or entity which, acting
6 within the scope of its licensure or certification, provides a health care
7 service. Health care provider includes, but is not limited to, a
8 physician, dentist and other health care professionals licensed pursuant
9 to Title 45 of the Revised Statutes, and a hospital and other health care
10 facilities licensed pursuant to Title 26 of the Revised Statutes.¹

11 “Health care service” means the preadmission, outpatient,
12 inpatient, and post discharge care provided ¹[in or]¹ by a health care
13 facility ¹or a health care provider¹, and such other items or services as
14 are necessary for such care, including but not limited to medical
15 devices, which are provided for the purpose of health maintenance,
16 diagnosis, or treatment of human disease, pain, injury, disability,
17 deformity, or physical condition, including, but not limited to, nursing
18 service, home care nursing, and other paramedical service, ambulance
19 ¹[service] and other medical transport services¹, dental and vision
20 services, service provided by an intern, resident in training or
21 physician whose compensation is provided through agreement with a
22 health care facility, laboratory service, medical social service, drugs,
23 biologicals, supplies, appliances, equipment, bed and board, including
24 services provided by a health care professional in private practice.

25 ¹“Household income” means the combined income of all
26 household members determined by the most recent State income tax
27 returns.¹

28 “Medical creditor” means any ¹person or¹ entity that provides
29 health care services and to whom a patient owes money for health care
30 services, or the entity that provided health care services and to whom
31 the patient previously owed money if the medical debt has been
32 purchased by one or more debt buyers.

33 “Medical debt” means a debt arising from the receipt of health care
34 services. “Medical debt” does not include¹; ¹debt charged to a credit
35 card unless the credit card is issued under an open-end or closed-end
36 credit plan offered ¹[specifically] solely¹ for the payment of health
37 care services ¹[or goods] ; debt arising from services provided by a
38 veterinarian; debt charged to a home equity or general purpose line of
39 credit; or secured debt¹.

40 “Medical debt buyer” means a person or entity that is engaged in
41 the business of purchasing medical debts for collection purposes,
42 whether it collects the debt itself or hires a third party ¹billing entity¹
43 for collection or an attorney-at-law for litigation in order to collect
44 such debt.

45 “Medical debt collector” means any person ¹or entity¹ that
46 regularly collects or attempts to collect, directly or indirectly, medical
47 debts originally owed or due or asserted to be owed or due to another.

1 A medical debt buyer is considered to be a medical debt collector for
2 all purposes.

3 “Patient” means the person who received health care services, and
4 for the purposes of P.L. , c. (C.) (pending before the Legislature
5 as this bill) includes a parent or legal guardian if the patient is a minor,
6 or a legal guardian if the patient is an adult under guardianship ¹or any
7 other person liable or allegedly liable for any financial obligation
8 incurred for health care services.

9 “Personal property” means real property and movable property not
10 affixed to land, and includes, but is not limited to, bank accounts,
11 motor vehicles, goods, merchandise, and household items.

12 “Reasonable payment plan” means monthly payments that are not
13 more than five percent of a patient’s household income for a month,
14 excluding deductions for essential living expenses.

15 “Third party billing entity” means a person or entity that is paid by
16 a health care provider or medical debt buyer to process claims or
17 claims payments on behalf of the health care provider¹.

18
19 ¹3.No consumer reporting agency may make any consumer
20 report containing a patient’s paid medical debt or a medical debt of
21 less than \$500 regardless of the date it was incurred. A medical
22 creditor or medical debt collector shall not report a patient’s
23 medical debt to any consumer reporting agency for health care
24 services performed on and after the effective date of
25 P.L. , c. (C.) (pending before the Legislature as this bill).¹

26
27 ¹3. a. A medical creditor or medical debt collector shall not report
28 a patient’s medical debt to any consumer reporting agency for health
29 care services performed on and after the effective date of
30 P.L. , c. (C.) (pending before the Legislature as this bill).

31 b. A consumer reporting agency shall not make any consumer
32 report containing a patient’s paid medical debt or a medical debt of
33 less than \$500 regardless of the date it was incurred.¹

34
35 4. a. Notwithstanding any provision of law or regulation to the
36 contrary, except as otherwise provided in subsection c. of this section,
37 a medical creditor or medical debt collector shall not engage in any
38 permissible collection actions until ¹~~180~~ ¹120 days after the first bill
39 for a medical debt has been sent ¹and the creditor or debt collector has
40 offered the individual who owes the medical debt a reasonable
41 payment plan¹.

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

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

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

4 c. ¹Any communication made by a medical creditor or medical
5 debt collector to a patient in the course of trying to collect a medical
6 debt shall include a statement, in at least 14-point boldface font, that
7 the medical creditor or medical debt collector has not reported the debt
8 to a consumer reporting agency and that if the debt, or any part of it,
9 has been reported to a consumer reporting agency, the portion reported
10 is void.

11 d.¹ A medical ~~debt collector~~ creditor shall not¹ sell an
12 individual's debt to another party unless, prior to the sale, the medical
13 creditor has entered into a legally binding written agreement with the
14 medical debt buyer of the debt pursuant to which the medical debt
15 buyer or collector is prohibited from engaging in any actions in
16 paragraphs (2) and (3) of the definition of "collection action" in
17 section 2 of P.L. 2011, c. 290 (C. 17:27) (pending before the Legislature as this
18 bill) and from otherwise seeking to obtain payment for the health care
19 service.

20 ¹d. (1) A medical creditor or medical debt collector shall not
21 engage in any permissible collection actions against a patient who
22 accepts and complies with the terms of a reasonable payment plan
23 offered by the medical creditor or medical debt collector pursuant to
24 this section. A medical creditor or medical debt collector shall not
25 charge an interest rate of more than three percent per annum on late
26 payments to a medical debt subject to a reasonable payment plan and
27 shall provide a grace period of at least 90 days for late payments.

28 (2) Acceptance of a reasonable payment plan pursuant to this
29 section by a patient shall not constitute an admission that the debt is
30 valid. A patient who accepts a reasonable payment plan shall retain
31 any legal defenses that would otherwise be available in a permissible
32 collection action.¹

33
34 ¹5. A medical creditor or medical debt collector shall not:

35 a. charge an interest rate on a medical debt of more than three
36 percent per annum. The interest rate that shall apply to any judgment
37 on medical debt shall be calculated pursuant to applicable court rules
38 but shall not exceed three percent;

39 b. garnish the wages of an individual to collect medical debt owed
40 by that individual; or

41 c. place a lien on an individual's primary residence or personal
42 property to collect medical debt owed by that individual. This
43 subsection shall not apply to any nursing home providing health care
44 services and to whom a patient owes money for health care services.¹

45
46 ¹[5.] ¹6.¹ a. A medical creditor or medical debt collector that
47 knows or reasonably should know that an internal review, external

1 review, or other appeal of a health insurance decision which
2 provides the basis for a medical debt is pending now or was pending
3 within the previous 60 days shall not:

4 (1) communicate with the patient regarding the unpaid charges
5 for health care services for the purpose of seeking to collect the
6 charges; or

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

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

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

24
25 ¹~~6.~~ 7.¹ a. Any portion of a medical debt that is furnished to
26 a consumer reporting agency in violation of the provisions of
27 P.L. , c. (C.) (pending before the Legislature as this bill) shall
28 be void.

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

34
35 ¹~~7.~~ 8.¹ The provisions of this act shall be severable; and if
36 any phrase, clause, sentence, or provision is deemed unenforceable,
37 the remaining provisions of this act shall be enforceable. The
38 provisions of this act shall be liberally construed to effectuate its
39 purposes.

40
41 ¹~~8.~~ 9.¹ This act shall take effect ¹~~immediately~~ on the 180th
42 day following the date of enactment¹.

[Second Reprint]

ASSEMBLY, No. 3861

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED FEBRUARY 27, 2024

Sponsored by:

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington)

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

Senator M. TERESA RUIZ

District 29 (Essex and Hudson)

Co-Sponsored by:

Assemblyman Sampson, Assemblywomen Quijano, McCoy, Donlon, Speight, Ramirez, Assemblyman Karabinchak, Assemblywoman Morales, Assemblymen Calabrese, Rodriguez, Assemblywomen Murphy, Hall, Lopez, Sumter, Bagolie, Swain, Assemblyman Tully, Assemblywoman Park, Senators Timberlake, Diegnan, McKeon, Moriarty and McKnight

SYNOPSIS

“Louisa Carman Medical Debt Relief Act.”

CURRENT VERSION OF TEXT

As reported by the Assembly Financial Institutions and Insurance Committee on June 13, 2024, with amendments.

(Sponsorship Updated As Of: 6/28/2024)

1 AN ACT concerning the report and collection of medical debt and
2 supplementing ²[Title 56 of the Revised Statutes] P.L.1997,
3 c.172 (C.56:11-28 et seq.)².
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. P.L. , c. (C.) (pending before the Legislature as this
9 bill) shall be known and may be cited as the “Louisa Carman
10 Medical Debt Relief Act.”
11

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

14 “Collection action” means any ¹[of the following] action ²[or
15 inaction]² on the part of a medical creditor with respect to a medical
16 debt, and includes, but is not limited to¹:

17 (1) selling ²[an individual's] a patient's² debt to another party;

18 (2) reporting ¹[adverse]¹ information about the patient to a
19 consumer reporting agency; or

20 (3) actions related to the collection of ²[an individual's] a
21 patient's² debt to another party that require a legal or judicial process,
22 including but not limited to placing a lien on ²[an individual's] a
23 patient's² property, attaching or seizing ²[an individual's] a patient's²
24 bank account or any other personal property, commencing a civil
25 action against ²[an individual] a patient², or garnishing ²[an
26 individual's] a patient's² wages.

27 ²[¹The term “collection”] “Collection² action” shall not include:
28 reasonable attempts by a medical creditor to send an invoice or bill to
29 ²[an individual] a patient², ²[which shall include sending an invoice
30 or bill and one reminder] or reminders² to pay an invoice or bill; ²or²
31 collecting a copayment ², coinsurance, deductible, or payment² from
32 the ²[individual] patient² at the point of service²]; or, in the case of a
33 nursing home that is providing health care services to a patient, placing
34 a lien on the patient's primary residence or personal property to collect
35 medical debt]².¹

36 "Consumer reporting agency" means any person ¹or entity¹ which,
37 for monetary fees, dues, or on a cooperative nonprofit basis, regularly
38 engages, in whole or in part, in the practice of assembling or
39 evaluating consumer credit information or other information on
40 consumers for the purpose of furnishing consumer reports to third
41 parties, and which uses any means or facility for the purpose of
42 preparing or furnishing consumer reports.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AFI committee amendments adopted May 20, 2024.

²Assembly AFI committee amendments adopted June 13, 2024.

1 ²1“Essential living expenses” means expenses for any of the
2 following: rent or house payment and maintenance; food and
3 household supplies; utilities and telephone; clothing; medical and
4 dental payments; insurance; school or child care; child or spousal
5 support; transportation and auto expenses, including insurance, gas,
6 and repairs; laundry and cleaning; and other similar expenses.】

7 “Cosmetic medical procedure” means any medical procedure
8 performed on a patient that is primarily directed at improving the
9 procedure subject's appearance and that does not meaningfully
10 promote the proper function of the body or prevent or treat illness or
11 disease and any other cosmetic procedure or service not deemed to be
12 medically necessary, as that term is defined pursuant to section 4 of
13 P.L.2023, c.296 (C.17B:30-55.3). “Cosmetic medical procedure” does
14 not include reconstructive surgery or dentistry.²

15 “Health care facility” means health care facility as defined in
16 section 2 of P.L.1971, c.136 (C.26:2H-2).

17 “Health care provider” means a person or entity which, acting
18 within the scope of its licensure or certification, provides a health care
19 service. Health care provider includes, but is not limited to, a
20 physician, dentist and other health care professionals licensed pursuant
21 to Title 45 of the Revised Statutes, and a hospital and other health care
22 facilities licensed pursuant to Title 26 of the Revised Statutes.¹

23 “Health care service” means the preadmission, outpatient,
24 inpatient, and post discharge care provided ¹【in or】¹ by a health care
25 facility ¹or a health care provider¹, and such other items or services as
26 are necessary for such care, including but not limited to medical
27 devices, which are provided for the purpose of health maintenance,
28 diagnosis, or treatment of human disease, pain, injury, disability,
29 deformity, or physical condition, including, but not limited to, nursing
30 service, home care nursing, and other paramedical service, ambulance
31 ¹【service】 and other medical transport services¹, dental and vision
32 services, service provided by an intern, resident in training or
33 physician whose compensation is provided through agreement with a
34 health care facility, laboratory service, medical social service, drugs,
35 biologicals, supplies, appliances, equipment, bed and board, including
36 services provided by a health care professional in private practice.
37 ²“Health care service” shall not include cosmetic medical procedures.²

38 ²1“Household income” means the combined income of all
39 household members determined by the most recent State income tax
40 returns.】²

41 “Medical creditor” means any ¹person or¹ entity that provides
42 health care services and to whom a patient owes money for health care
43 services, or the entity that provided health care services and to whom
44 the patient previously owed money if the medical debt has been
45 purchased by one or more debt buyers.

46 “Medical debt” means a debt arising from the receipt of health care
47 services. “Medical debt” ²【does】 shall² not include¹:¹ debt charged to

1 a credit card unless the credit card is issued under an open-end or
2 closed-end credit plan offered ¹【specifically】 solely¹ for the payment
3 of health care services ¹【or goods】 ²or goods²; debt arising from
4 services provided by a veterinarian; debt charged to a home equity or
5 general purpose line of credit; ²debt arising from an insurance
6 payment for the health care provider’s services but retained by the
7 subscriber;² or secured debt¹.

8 “Medical debt buyer” means a person or entity that is engaged in
9 the business of purchasing medical debts for collection purposes,
10 whether it collects the debt itself or hires a third party ¹billing entity¹
11 for collection or an attorney-at-law for litigation in order to collect
12 such debt.

13 “Medical debt collector” means any person ¹or entity¹ that
14 regularly collects or attempts to collect, directly or indirectly, medical
15 debts originally owed or due or asserted to be owed or due to another.
16 A medical debt buyer is considered to be a medical debt collector for
17 all purposes.

18 “Patient” means the person who received health care services, and
19 for the purposes of P.L. , c. (C.) (pending before the Legislature
20 as this bill) includes a parent or legal guardian if the patient is a minor,
21 or a legal guardian if the patient is an adult under guardianship ¹or any
22 other person liable or allegedly liable for any financial obligation
23 incurred for health care services.

24 “Personal property” means real property and movable property not
25 affixed to land, and includes, but is not limited to, bank accounts,
26 motor vehicles, goods, merchandise, and household items.

27 “Reasonable payment plan” means ²【monthly payments that are
28 not more than five percent of a patient’s household income for a
29 month, excluding deductions for essential living expenses】 a
30 structured repayment arrangement that satisfies the following:

31 (1) monthly payment amounts shall be set at a level that the patient
32 can reasonably afford or not more than three percent of the patient’s
33 monthly income, if known by the medical creditor or medical debt
34 collector;

35 (2) the duration shall allow the patient to repay the debt in full
36 within a reasonable timeframe, which shall include, but not be limited
37 to, a timeframe that is between six months and five years in length,
38 based on the total amount owed and the patient’s financial capacity;

39 (3) the plan shall include provisions for adjusting the payment
40 amounts and duration in response to significant changes in the
41 patient’s financial circumstances;

42 (4) the terms of the payment plan shall be clearly documented in a
43 written agreement provided to the patient, including the total amount
44 owed, the monthly payment amount, the payment schedule, and any
45 interest;

46 (5) the plan shall provide a grace period of at least 60 days for late
47 payments; and

1 (6) the plan shall not charge an interest rate on a medical debt of
2 more than three percent per annum².

3 “Third party billing entity” means a person or entity that is paid by
4 a health care provider or medical debt buyer to process claims or
5 claims payments on behalf of the health care provider¹.

6
7 ¹[3.No consumer reporting agency may make any consumer
8 report containing a patient’s paid medical debt or a medical debt of
9 less than \$500 regardless of the date it was incurred. A medical
10 creditor or medical debt collector shall not report a patient’s
11 medical debt to any consumer reporting agency for health care
12 services performed on and after the effective date of
13 P.L. , c. (C.) (pending before the Legislature as this bill).]¹

14
15 ¹3. a. A medical creditor or medical debt collector shall not report
16 a patient’s medical debt to any consumer reporting agency for health
17 care services performed on and after the effective date of
18 P.L. , c. (C.) (pending before the Legislature as this bill).

19 b. A consumer reporting agency shall not make any consumer
20 report containing a patient’s paid medical debt or a medical debt of
21 less than \$500 regardless of the date it was incurred.¹

22
23 4. a. Notwithstanding any provision of law or regulation to the
24 contrary, except as otherwise provided in subsection c. of this section,
25 a medical creditor or medical debt collector shall not engage in any
26 ²[permissible]² collection actions until ¹[180] 120¹ days after the
27 first bill for a medical debt has been sent ¹and the creditor or debt
28 collector has offered the ²[individual] patient² who owes the medical
29 debt a reasonable payment plan¹.

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

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

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

38 c. ¹Any communication made by a medical creditor or medical
39 debt collector to a patient in the course of trying to collect a medical
40 debt shall include a statement, in at least 14-point boldface font, that
41 the medical creditor or medical debt collector has not reported the debt
42 to a consumer reporting agency and that if the debt, or any part of it,
43 has been reported to a consumer reporting agency, the portion reported
44 is void.

45 d. ¹A medical ¹[debtor may] creditor shall not¹ sell ²[an
46 individual's] a patient's² debt to another party unless, prior to the sale,
47 the medical creditor has entered into a legally binding written

1 agreement with the medical debt buyer of the debt pursuant to which
 2 the medical debt buyer or collector is prohibited from engaging in any
 3 actions in paragraphs (2) and (3) of the definition of “collection
 4 action” in section 2 of P.L. , c. (C.) (pending before the
 5 Legislature as this bill) and from otherwise seeking to obtain payment
 6 for the health care service.

7 ²[¹d.] e.² (1) A medical creditor or medical debt collector
 8 shall not engage in any ²[permissible]² collection actions against a
 9 patient who accepts and complies with the terms of a reasonable
 10 payment plan offered by the medical creditor or medical debt collector
 11 pursuant to this section. A medical creditor or medical debt collector
 12 shall not charge an interest rate of more than three percent per annum
 13 on late payments to a medical debt subject to a reasonable payment
 14 plan and shall provide a grace period of at least ²[90] 60² days for late
 15 payments.

16 (2) Acceptance of a reasonable payment plan pursuant to this
 17 section by a patient shall not constitute an admission that the debt is
 18 valid. A patient who accepts a reasonable payment plan shall retain
 19 any legal defenses that would otherwise be available in a
 20 ²[permissible]² collection action.¹

21
 22 ¹5. A medical creditor or medical debt collector shall not:

23 a. charge an interest rate on a medical debt of more than three
 24 percent per annum. The interest rate that shall apply to any judgment
 25 on medical debt shall be calculated pursuant to applicable court rules
 26 but shall not exceed three percent; ²or²

27 b. garnish the wages of ²[an individual] a patient with annual
 28 income less than 600 percent of the federal poverty level² to collect
 29 medical debt owed by that ²[individual; or

30 c. place a lien on an individual’s primary residence or personal
 31 property to collect medical debt owed by that individual. This
 32 subsection shall not apply to any nursing home providing health care
 33 services and to whom a patient owes money for health care services]
 34 patient².¹

35
 36 ¹[5.] 6.¹ a. A medical creditor or medical debt collector that
 37 knows ²[or reasonably should know]² that an internal review,
 38 external review, or other appeal of a health insurance decision
 39 which provides the basis for a medical debt is pending ²[now or
 40 was pending within the previous 60 days]² shall not:

41 (1) communicate with the patient regarding the unpaid charges
 42 for health care services for the purpose of seeking to collect the
 43 charges; or

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

46 b. If a medical debt has already been reported to a consumer
 47 reporting agency and the medical creditor or medical debt collector

1 who reported the information learns of an internal review, external
 2 review, or other appeal of a health insurance decision which
 3 provides the basis for a medical debt is pending ²【now or was
 4 pending within the previous 60 days】², or learns that the medical
 5 debt has been paid, the medical creditor or medical debt collector
 6 shall instruct the consumer reporting agency to delete the
 7 information about the debt.

8 c. A medical creditor that knows ²【or reasonably should
 9 know】² about an internal review, external review, or other appeal of
 10 a health insurance decision that is pending ²【now or was pending
 11 within the previous 60 days】² shall not refer, place, or send the
 12 unpaid charges for health care services to a medical debt collector,
 13 including by selling the debt to a medical debt buyer.

14
 15 ¹【6.】¹ 7.¹ a. Any portion of a medical debt that is furnished to a
 16 consumer reporting agency in violation of the provisions of
 17 P.L. , c. (C.) (pending before the Legislature as this bill) shall be
 18 void.

19 b. It shall be ²【an unlawful practice and】² a violation of
 20 ²【P.L.1960, c.39 (C.56:8-1 et seq.)】 ²【P.L.1997, c.172 (C.56:11-28 et
 21 seq.)】² for a medical creditor or medical debt collector to undertake a
 22 collection action in violation of the provisions of P.L. , c. (C.)
 23 (pending before the Legislature as this bill).

24 ²c. In addition to the assessment of civil penalties, the Attorney
 25 General or the Attorney General's designee may, after a hearing and
 26 upon a finding of a practice in violation of P.L. , c. (C.)
 27 (pending before the Legislature as this bill), order that any moneys or
 28 property, real or personal, which have been acquired by means of the
 29 practice in violation of P.L. , c. (C.) (pending before the
 30 Legislature as this bill) be restored to any person in interest.

31 d. Notwithstanding any provision of P.L.1997, c.172 (C.56:11-28
 32 et seq.) to the contrary, the Office of the Attorney General shall have
 33 sole and exclusive authority to enforce a violation of P.L. , c.
 34 (C.) (pending before the Legislature as this bill) and nothing in
 35 P.L. , c. (C.) (pending before the Legislature as this bill) shall
 36 be construed as providing the basis for a private right of action arising
 37 solely from a violation of P.L. , c. (C.) (pending before the
 38 Legislature as this bill).

39 e. In any instance where the provisions of this section conflict
 40 with the provision of P.L.1997, c.172 (C.56:11-28 et seq.), the
 41 provisions of this section shall prevail.²

42
 43 ¹【7.】¹ 8.¹ The provisions of this act shall be severable; and if
 44 any phrase, clause, sentence, or provision is deemed unenforceable,
 45 the remaining provisions of this act shall be enforceable. The
 46 provisions of this act shall be liberally construed to effectuate its
 47 purposes.

1

2

¹~~8.~~ ^{9.} ¹ ~~2~~ ~~This~~ Sections 3 and 7 of this ² act shall take effect

3

¹ ~~immediately~~ ² ~~on the 180th day~~ immediately and the remainder

4

of this act shall take effect one year ² following the date of

5

enactment¹.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3861

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 20, 2024

The Assembly Financial Institutions and Insurance Committee adopts amendments to Assembly Bill No. 3861.

This bill, titled the “Louisa Carman Medical Debt Relief Act,” prohibits a medical creditor or medical debt collector from:

(1) reporting a patient’s medical debt to any consumer reporting agency for health care services performed on or after the effective date of the bill;

(2) 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;

(3) charging an interest rate on a medical debt of more than three percent per year;

(4) garnishing the wages of an individual to collect medical debt owed by that individual; or

(5) placing a lien on an individual’s primary residence or personal property to collect medical debt owed by that individual.

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 an unlawful practice under the “consumer fraud act” for a medical debt collector or creditor to violate the medical debt provisions of the bill. An unlawful practice is punishable by a monetary penalty of not more than \$10,000 for a first offense and not more than \$20,000 for any subsequent offense. In addition, an unlawful practice can result in cease and desist orders issued by the Attorney General, the assessment of punitive damages, and the awarding of treble damages and costs to the injured party.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) stipulate that a medical creditor or medical debt collector is prohibited from:

(a) charging an interest rate on a medical debt of more than three percent per year;

(b) garnishing the wages of an individual to collect medical debt owed by that individual;

(c) placing a lien on an individual's primary residence or personal property to collect medical debt owed by that individual;

(d) engaging in any permissible collection actions against a patient who accepts and complies with the terms of a reasonable payment plan offered by the medical creditor or medical debt collector; or

(e) charging an interest rate of more than three percent per year on late payments to a medical debt subject to a reasonable payment plan and is required to provide a grace period of at least 90 days for late payments;

(2) provide that communication made by a medical creditor or medical debt collector to a patient in the course of trying to collect a medical debt is required to include a statement, in at least 14-point boldface font, that the medical creditor or medical debt collector has not reported the debt to a consumer reporting agency and that if the debt, or any part of it, has been reported to a consumer reporting agency, the portion reported is void;

(3) stipulate that the term "collection action" does not include: reasonable attempts by a medical creditor to send an invoice or bill to an individual, which shall include sending an invoice or bill and one reminder to pay an invoice or bill; collecting a copayment from the individual at the point of service; or, in the case of a nursing home that is providing health care services to a patient, placing a lien on the patient's primary residence or personal property to collect medical debt;

(4) make certain changes to definitions used throughout the bill; and

(5) make the bill effective on the 180th day following the date of enactment rather than effective immediately.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3861

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 13, 2024

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 3861 (1R).

As amended, this bill, titled the “Louisa Carman Medical Debt Relief Act,” prohibits a medical creditor or medical debt collector from:

(1) reporting a patient’s medical debt to any consumer reporting agency for health care services performed on or after the effective date of the bill;

(2) making 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;

(3) charging an interest rate on a medical debt of more than three percent per year;

(4) garnishing the wages of a patient with an annual income of less than 600 percent of the federal poverty level to collect medical debt owed by that patient; or

(5) engaging in any collection actions against a patient who accepts and complies with the terms of a reasonable payment plan.

The bill also provides certain protections to patients with medical debt from collection actions by medical creditors and medical debt collectors and provides that any portion of a medical debt furnished to a consumer reporting agency in violation of the bill will be void.

Lastly, the bill provides that the Office of the Attorney General is the sole and exclusive authority to enforce violations of the bill. A medical creditor or medical debt collector that violates a provision of the bill may be subject to a civil penalty and may be ordered by the Attorney General to restore to interested parties any moneys or property acquired by means in violation of the bill. The bill clarifies that nothing in the bill provides the basis for a private right of action arising solely from a violation of the bill.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- (1) change certain definitions used in the bill;
- (2) stipulate that the prohibition on medical creditors and medical debt collectors engaging in collection actions is not limited to collection actions that are “permissible”;
- (3) make changes to how medical creditors and medical debt collectors are allowed to handle pending medical debt;
- (4) provide that the Office of the Attorney General is the sole and exclusive authority to enforce violations of the bill;
- (5) provide that the violation of the bill is a violation of the “New Jersey Fair Credit Reporting Act” rather than the consumer fraud act, stipulate that a medical creditor or medical debt collector in violation of the bill may be subject to a civil penalty and may be ordered by the Attorney General to restore to interested parties any moneys or property acquired by means in violation of the bill, and clarify that the violation of the bill does not provide the basis for a private right of action arising solely from a violation of the bill;
- (6) make the provisions of the bill prohibiting medical creditors and medical debt collectors from reporting a patient’s medical debt to a consumer reporting agency or creating a consumer report containing certain medical debt and establishing the penalties and enforcement of the bill effective immediately and the remainder of the bill effective one year following enactment; and
- (7) make certain technical changes.

SENATE, No. 2806

STATE OF NEW JERSEY
221st LEGISLATURE

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.

3

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.”

10

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.

20

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).

28

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.

4

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.

30

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).

40

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.

46

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.

[First Reprint]

SENATE, No. 2806

STATE OF NEW JERSEY

221st LEGISLATURE

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, Diegnan, McKeon, Moriarty and McKnight

SYNOPSIS

“Louisa Carman Medical Debt Relief Act.”

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 26, 2024, with amendments.



(Sponsorship Updated As Of: 6/28/2024)

1 AN ACT concerning the report and collection of medical debt and
2 supplementing ¹**[Title 56 of the Revised Statutes]** P.L.1997,
3 c.172 (C.56:11-28 et seq.)¹.

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

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

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

14 “Collection action” means any ¹**[of the following]** action on the
15 part of a medical creditor with respect to a medical debt, and includes,
16 but is not limited to¹:

17 (1) selling ¹**[an individual's]** a patient's¹ debt to another party;

18 (2) reporting ¹**[adverse]**¹ information about the patient to a
19 consumer reporting agency; or

20 (3) actions related to the collection of ¹**[an individual's]** a
21 patient's¹ debt to another party that require a legal or judicial process,
22 including but not limited to placing a lien on ¹**[an individual's]** a
23 patient's¹ property, attaching or seizing ¹**[an individual's]** a patient's¹
24 bank account or any other personal property, commencing a civil
25 action against ¹**[an individual]** a patient¹, or garnishing ¹**[an**
26 **individual's]** a patient's¹ wages.

27 “Collection action” shall not include: reasonable attempts by a
28 medical creditor to send an invoice or bill to a patient, or reminders to
29 pay an invoice or bill; or collecting a copayment, coinsurance,
30 deductible, or payment from the patient at the point of service.¹

31 “Consumer reporting agency” means any person ¹**or entity**¹ which,
32 for monetary fees, dues, or on a cooperative nonprofit basis, regularly
33 engages, in whole or in part, in the practice of assembling or
34 evaluating consumer credit information or other information on
35 consumers for the purpose of furnishing consumer reports to third
36 parties, and which uses any means or facility for the purpose of
37 preparing or furnishing consumer reports.

38 “Cosmetic medical procedure” means any medical procedure
39 performed on a patient that is primarily directed at improving the
40 procedure subject's appearance and that does not meaningfully
41 promote the proper function of the body or prevent or treat illness or
42 disease and any other cosmetic procedure or service not deemed to be
43 medically necessary, as that term is defined pursuant to section 4 of

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted June 26, 2024.

1 P.L.2023, c.296 (C.17B:30-55.3). “Cosmetic medical procedure” does
2 not include reconstructive surgery or dentistry.

3 “Health care facility” means health care facility as defined in
4 section 2 of P.L.1971, c.136 (C.26:2H-2).

5 “Health care provider” means a person or entity which, acting
6 within the scope of its licensure or certification, provides a health care
7 service. Health care provider includes, but is not limited to, a
8 physician, dentist and other health care professionals licensed pursuant
9 to Title 45 of the Revised Statutes, and a hospital and other health care
10 facilities licensed pursuant to Title 26 of the Revised Statutes.¹

11 “Health care service” means the preadmission, outpatient,
12 inpatient, and post discharge care provided ¹in or ¹by a health care
13 facility ¹or a health care provider¹, and such other items or services as
14 are necessary for such care, including but not limited to medical
15 devices, which are provided for the purpose of health maintenance,
16 diagnosis, or treatment of human disease, pain, injury, disability,
17 deformity, or physical condition, including, but not limited to, nursing
18 service, home care nursing, and other paramedical service, ambulance
19 ¹service and other medical transport services¹, dental and vision
20 services, service provided by an intern, resident in training or
21 physician whose compensation is provided through agreement with a
22 health care facility, laboratory service, medical social service, drugs,
23 biologicals, supplies, appliances, equipment, bed and board, including
24 services provided by a health care professional in private practice.
25 ¹“Health care service” shall not include cosmetic medical procedures.¹

26 “Medical creditor” means any ¹person or¹ entity that provides
27 health care services and to whom a patient owes money for health care
28 services, or the entity that provided health care services and to whom
29 the patient previously owed money if the medical debt has been
30 purchased by one or more debt buyers.

31 “Medical debt” means a debt arising from the receipt of health care
32 services. “Medical debt” ¹does ¹shall ¹not include¹; ¹debt charged to
33 a credit card unless the credit card is issued under an open-end or
34 closed-end credit plan offered ¹specifically ¹solely¹ for the payment
35 of health care services or goods¹; debt arising from services provided
36 by a veterinarian; debt charged to a home equity or general purpose
37 line of credit; debt arising from an insurance payment for the health
38 care provider’s services but retained by the subscriber; or secured
39 debt¹.

40 “Medical debt buyer” means a person or entity that is engaged in
41 the business of purchasing medical debts for collection purposes,
42 whether it collects the debt itself or hires a third party ¹billing entity¹
43 for collection or an attorney-at-law for litigation in order to collect
44 such debt.

45 “Medical debt collector” means any person ¹or entity¹ that
46 regularly collects or attempts to collect, directly or indirectly, medical
47 debts originally owed or due or asserted to be owed or due to another.

1 A medical debt buyer is considered to be a medical debt collector for
2 all purposes.

3 “Patient” means the person who received health care services, and
4 for the purposes of P.L. , c. (C.) (pending before the Legislature
5 as this bill) includes a parent or legal guardian if the patient is a minor,
6 or a legal guardian if the patient is an adult under guardianship ¹or any
7 other person liable or allegedly liable for any financial obligation
8 incurred for health care services.

9 “Personal property” means real property and movable property not
10 affixed to land, and includes, but is not limited to, bank accounts,
11 motor vehicles, goods, merchandise, and household items.

12 “Reasonable payment plan” means a structured repayment
13 arrangement that satisfies the following:

14 (1) monthly payment amounts shall be set at a level that the patient
15 can reasonably afford or not more than three percent of the patient’s
16 monthly income, if known by the medical creditor or medical debt
17 collector;

18 (2) the duration shall allow the patient to repay the debt in full
19 within a reasonable timeframe, which shall include, but not be limited
20 to, a timeframe that is between six months and five years in length,
21 based on the total amount owed and the patient’s financial capacity;

22 (3) the plan shall include provisions for adjusting the payment
23 amounts and duration in response to significant changes in the
24 patient’s financial circumstances;

25 (4) the terms of the payment plan shall be clearly documented in a
26 written agreement provided to the patient, including the total amount
27 owed, the monthly payment amount, the payment schedule, and any
28 interest;

29 (5) the plan shall provide a grace period of at least 60 days for late
30 payments; and

31 (6) the plan shall not charge an interest rate on a medical debt of
32 more than three percent per annum.

33 “Third party billing entity” means a person or entity that is paid by
34 a health care provider or medical debt buyer to process claims or
35 claims payments on behalf of the health care provider¹.

36

37 ¹**3.** No consumer reporting agency may make any consumer
38 report containing a patient’s paid medical debt or a medical debt of
39 less than \$500 regardless of the date it was incurred. A medical
40 creditor or medical debt collector shall not report a patient’s
41 medical debt to any consumer reporting agency for health care
42 services performed on and after the effective date of
43 P.L. , c. (C.) (pending before the Legislature as this bill). ¹
44

45 ¹3. a. A medical creditor or medical debt collector shall not report
46 a patient’s medical debt to any consumer reporting agency for health
47 care services performed on and after the effective date of
48 P.L. , c. (C.) (pending before the Legislature as this bill).

1 b. A consumer reporting agency shall not make any consumer
2 report containing a patient's paid medical debt or a medical debt of
3 less than \$500 regardless of the date it was incurred.¹
4

5 4. a. Notwithstanding any provision of law or regulation to the
6 contrary, except as otherwise provided in subsection c. of this section,
7 a medical creditor or medical debt collector shall not engage in any
8 ¹~~permissible~~¹ collection actions until ¹~~180~~¹ 120¹ days after the
9 first bill for a medical debt has been sent ¹and the creditor or debt
10 collector has offered the patient who owes the medical debt a
11 reasonable payment plan¹.

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

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

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

20 c. ¹Any communication made by a medical creditor or medical
21 debt collector to a patient in the course of trying to collect a medical
22 debt shall include a statement, in at least 14-point boldface font, that
23 the medical creditor or medical debt collector has not reported the debt
24 to a consumer reporting agency and that if the debt, or any part of it,
25 has been reported to a consumer reporting agency, the portion reported
26 is void.

27 d.¹ A medical ¹~~debtor may~~¹ creditor shall not¹ sell ¹~~an~~¹
28 individual's¹ a patient's¹ debt to another party unless, prior to the sale,
29 the medical creditor has entered into a legally binding written
30 agreement with the medical debt buyer of the debt pursuant to which
31 the medical debt buyer or collector is prohibited from engaging in any
32 actions in paragraphs (2) and (3) of the definition of "collection
33 action" in section 2 of P.L. , c. (C.) (pending before the
34 Legislature as this bill) and from otherwise seeking to obtain payment
35 for the health care service.

36 ¹e. (1) A medical creditor or medical debt collector shall not
37 engage in any collection actions against a patient who accepts and
38 complies with the terms of a reasonable payment plan offered by the
39 medical creditor or medical debt collector pursuant to this section. A
40 medical creditor or medical debt collector shall not charge an interest
41 rate of more than three percent per annum on late payments to a
42 medical debt subject to a reasonable payment plan and shall provide a
43 grace period of at least 60 days for late payments.

44 (2) Acceptance of a reasonable payment plan pursuant to this
45 section by a patient shall not constitute an admission that the debt is
46 valid. A patient who accepts a reasonable payment plan shall retain

1 any legal defenses that would otherwise be available in a collection
2 action.¹

3

4 ¹5. A medical creditor or medical debt collector shall not:

5 a. charge an interest rate on a medical debt of more than three
6 percent per annum. The interest rate that shall apply to any judgment
7 on medical debt shall be calculated pursuant to applicable court rules
8 but shall not exceed three percent; or

9 b. garnish the wages of a patient with annual income less than
10 600 percent of the federal poverty level to collect medical debt owed
11 by that patient.¹

12

13 ¹~~5.~~ ¹6. a. A medical creditor or medical debt collector that
14 knows ¹~~or reasonably should know~~¹ that an internal review, external
15 review, or other appeal of a health insurance decision which provides
16 the basis for a medical debt is pending ¹~~now or was pending within~~
17 ~~the previous 60 days~~¹ shall not:

18 (1) communicate with the patient regarding the unpaid charges for
19 health care services for the purpose of seeking to collect the charges;
20 or

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

23 b. If a medical debt has already been reported to a consumer
24 reporting agency and the medical creditor or medical debt collector
25 who reported the information learns of an internal review, external
26 review, or other appeal of a health insurance decision which provides
27 the basis for a medical debt is pending ¹~~now or was pending within~~
28 ~~the previous 60 days~~¹, or learns that the medical debt has been paid,
29 the medical creditor or medical debt collector shall instruct the
30 consumer reporting agency to delete the information about the debt.

31 c. A medical creditor that knows ¹~~or reasonably should know~~¹
32 about an internal review, external review, or other appeal of a health
33 insurance decision that is pending ¹~~now or was pending within the~~
34 ~~previous 60 days~~¹ shall not refer, place, or send the unpaid charges
35 for health care services to a medical debt collector, including by
36 selling the debt to a medical debt buyer.

37

38 ¹~~6.~~ ¹7. a. Any portion of a medical debt that is furnished to a
39 consumer reporting agency in violation of the provisions of
40 P.L. , c. (C.) (pending before the Legislature as this bill) shall be
41 void.

42 b. It shall be ¹~~an unlawful practice and~~¹ a violation of
43 ¹~~P.L.1960, c.39 (C.56:8-1 et seq.)~~ ¹~~P.L.1997, c.172 (C.56:11-28 et~~
44 ~~seq.)~~¹ for a medical creditor or medical debt collector to undertake a
45 collection action in violation of the provisions of P.L. , c. (C.)
46 (pending before the Legislature as this bill).

1 ¹c. In addition to the assessment of civil penalties, the Attorney
2 General or the Attorney General's designee may, after a hearing and
3 upon a finding of a practice in violation of P.L. , c. (C.)
4 (pending before the Legislature as this bill), order that any moneys or
5 property, real or personal, which have been acquired by means of the
6 practice in violation of P.L. , c. (C.) (pending before the
7 Legislature as this bill) be restored to any person in interest.

8 d. Notwithstanding any provision of P.L.1997, c.172 (C.56:11-28
9 et seq.) to the contrary, the Office of the Attorney General shall have
10 sole and exclusive authority to enforce a violation of
11 P.L. , c. (C.) (pending before the Legislature as this bill) and
12 nothing in P.L. , c. (C.) (pending before the Legislature as
13 this bill) shall be construed as providing the basis for a private right of
14 action arising solely from a violation of P.L. , c. (C.)
15 (pending before the Legislature as this bill).

16 e. In any instance where the provisions of this section conflict
17 with the provision of P.L.1997, c.172 (C.56:11-28 et seq.), the
18 provisions of this section shall prevail.¹

19
20 ¹**[7.] 8.** ¹ The provisions of this act shall be severable; and if
21 any phrase, clause, sentence, or provision is deemed unenforceable,
22 the remaining provisions of this act shall be enforceable. The
23 provisions of this act shall be liberally construed to effectuate its
24 purposes.

25
26 ¹**[8. This] 9.** ¹ Sections 3 and 7 of this¹ act shall take effect
27 immediately ¹and the remainder of this act shall take effect one year
28 following the date of enactment¹.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2806

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 26, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2806.

As amended, this bill, titled the “Louisa Carman Medical Debt Relief Act,” prohibits a medical creditor or medical debt collector from:

(1) reporting a patient’s medical debt to any consumer reporting agency for health care services performed on or after the effective date of the bill;

(2) making 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;

(3) charging an interest rate on a medical debt of more than three percent per year;

(4) garnishing the wages of a patient with an annual income of less than 600 percent of the federal poverty level to collect medical debt owed by that patient; or

(5) engaging in any collection actions against a patient who accepts and complies with the terms of a reasonable payment plan.

The bill also provides certain protections to patients with medical debt from collection actions by medical creditors and medical debt collectors and provides that any portion of a medical debt furnished to a consumer reporting agency in violation of the bill will be void.

Lastly, the bill provides that the Office of the Attorney General is the sole and exclusive authority to enforce violations of the bill. A medical creditor or medical debt collector that violates a provision of the bill may be subject to a civil penalty and may be ordered by the Attorney General to restore to interested parties any moneys or property acquired by means in violation of the bill. The bill clarifies that nothing in the bill provides the basis for a private right of action arising solely from a violation of the bill.

As amended and reported by the committee, this bill is identical to Assembly Bill No. 3861 (2R).

COMMITTEE AMENDMENTS:

The committee amended the bill to be identical to Assembly Bill No. 3861 (2R) by:

- (1) changing certain definitions used in the bill;
- (2) stipulating that a medical creditor or medical debt collector is prohibited from:
 - (a) charging an interest rate on a medical debt of more than three percent per year;
 - (b) garnishing the wages of a patient to collect medical debt owed by that patient;
 - (c) engaging in any collection actions against a patient who accepts and complies with the terms of a reasonable payment plan offered by the medical creditor or medical debt collector; or
 - (d) charging an interest rate of more than three percent per year on late payments to a medical debt subject to a reasonable payment plan and is required to provide a grace period of at least 60 days for late payments;
- (3) making changes to how medical creditors and medical debt collectors are allowed to handle pending medical debt;
- (4) providing that communication made by a medical creditor or medical debt collector to a patient in the course of trying to collect a medical debt is required to include a statement, in at least 14-point boldface font, that the medical creditor or medical debt collector has not reported the debt to a consumer reporting agency and that if the debt, or any part of it, has been reported to a consumer reporting agency, the portion reported is void;
- (5) providing that the Office of the Attorney General is the sole and exclusive authority to enforce violations of the bill;
- (6) providing that the violation of the bill is a violation of the “New Jersey Fair Credit Reporting Act,” that a medical creditor or medical debt collector in violation of the bill may be subject to a civil penalty and may be ordered by the Attorney General to restore to interested parties any moneys or property acquired by means in violation of the bill, and that the violation of the bill does not provide the basis for a private right of action arising solely from a violation of the bill;
- (7) making the provisions of the bill prohibiting medical creditors and medical debt collectors from reporting a patient’s medical debt to a consumer reporting agency or creating a consumer report containing certain medical debt and establishing the penalties and enforcement of the bill effective immediately and the remainder of the bill effective one year following enactment; and
- (8) making certain technical changes.

FISCAL IMPACT:

This bill has not been certified as requiring a fiscal note.

Governor Murphy Signs "Louisa Carman Medical Debt Relief Act"

07/22/2024

Legislation Honors Late Governor's Office Policy Analyst

Protects New Jerseyans from Falling into Medical Debt

TRENTON – Governor Phil Murphy today signed the Louisa Carman Medical Debt Relief Act which will help New Jersey families avoid falling into medical debt and protect individuals from predatory medical debt collectors. The Louisa Carman Medical Debt Relief Act is named in honor of a member of the Governor's Office who helped craft the proposal before tragically passing away in a car accident on New Year's Day at the age of 25. Joined by Louisa's family and advocates, the Governor signed the bill, advancing his Administration's efforts to make New Jersey's health care system more accessible and more affordable for more people.

"With this legislation, we honor Louisa by carrying forward her mission to ensure every New Jerseyan can access the health care they deserve without breaking the bank," **said Governor Murphy**. "The Louisa Carman Medical Debt Relief Act is a monumental step toward building a health care system that is more affordable and more accessible for families all across New Jersey. And it will always stand as a testament to the indispensable role Louisa played in transforming our health care system for the better, so we can protect all of our neighbors from being forced to choose between seeking potentially life-saving care or falling into a medical debt trap."

"Louisa was a valued, brilliant, and talented member of our team who dedicated every day to bettering our health care system and the lives of New Jerseyans across the state," **said Lieutenant Governor Tahesha Way**. "This legislation comes at a critical time where more than one in ten people in New Jersey, and even more in our Black and Brown communities, have medical debt in collections. This Louisa Carman Medical Debt Relief Act would not exist without her passion and advocacy and it will help thousands of families access the care they need and deserve without fear of financial ruin."

"Louisa joined the Governor's Office of Health Care Affordability and Transparency in the fall of 2021, and immediately set herself apart as a quick learner and fierce advocate for our most vulnerable neighbors," **said the Bradlow Carman Family**. "She inspired her colleagues – as well as her friends and family members – to adopt her passion for combatting predatory medical debt collection and ending the indignity of medical debt. We thank Governor Murphy, the bill sponsors, as well as the advocates who ensured that this legislation would be a meaningful and lasting testament to Louisa's heart, brilliance, and passion for fighting for families struggling with medical debt."

"Louisa will be remembered as a young, bright, passionate public servant who cared deeply about policy making to improve people's lives," **said Shabnam Salih, Director of the Office of Health Care Affordability**. "Her work gave us the foundation for the critical consumer protections against medical debt provided through this legislation and her work will live on to help so many individuals and their families to be less burdened by the crushing impact of medical debt."

This bill prohibits a medical creditor or medical debt collector from reporting a patient's medical debt to any consumer

reporting agency for health care services performed on or after the effective date of the bill.

Further, the legislation prohibits a medical creditor or medical debt collector from:

- (1) making 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;
- (2) charging an interest rate on a medical debt of more than three percent per year;
- (3) garnishing the wages of a patient with an annual income of less than 600 percent of the federal poverty level to collect medical debt owed by that patient; or
- (4) engaging in any collection actions against a patient until 120 days after the first bill for a medical debt has been sent or against a patient who accepts and complies with the terms of a reasonable payment plan.

Collection actions include selling the patient's debt to another party, placing a lien on the patient's property, attaching or seizing the patient's bank accounts, and garnishing the patient's wages.

The bill also provides certain protections to patients with medical debt from collection actions by medical creditors and medical debt collectors and provides that any portion of a medical debt furnished to a consumer reporting agency in violation of the bill will be void.

Lastly, the bill provides a medical creditor or medical debt collector that violates a provision of the bill may be subject to a civil penalty and may be ordered by the Attorney General to restore to interested parties any moneys or property acquired by means in violation of the bill.

Primary sponsors of the A3681/S2806 include Senators Shirley K. Turner and M. Teresa Ruiz, and Assemblymembers Verlina Reynolds-Jackson, Wayne P. DeAngelo, Anthony S. Verrelli, and Herb Conaway Jr.

"The rise in health care costs and resulting medical debt significantly burdens individuals and families, damaging credit scores and making it more difficult to gain employment, secure housing, obtain loans, and increasing the cost of auto insurance," **said Senator Shirley Turner**. "By prohibiting the reporting of certain types of medical debt to credit bureaus, we can give people a better chance at achieving financial stability and reduce the long-term negative impacts that unavoidable medical expenses have on their lives."

"Many individuals have either put off or postponed getting the care they need including medical testing or treatment recommended by a doctor due to crushing medical debt, which disproportionately impacts low-income areas and communities of color. Essex County, in particular, has one of the highest rates of medical debt in the state," **said Senate Majority Leader M. Teresa Ruiz**. "One accident or health scare should not jeopardize a person's financial future or ability to access health care. This measure will alleviate some of the financial strain medical debt imposes and will improve communities' wellness by removing barriers to care."

"Countless New Jerseyans have unique stories about the burden medical debt has caused them, stories that underscore the need for financial relief during and following terrifying and anxiety ridden times in their lives," **said Assemblywoman Verlina Reynolds-Jackson**. "With the signing of this bill, we honor Louisa's legacy by easing the financial burdens of medical debt on New Jersey families, shielding patients from aggressive debt collection practices, and allowing them to focus on healing and moving forward."

"Medical debt is the most common type of debt pursued by debt collectors, affecting credit scores, access to healthcare, and more," **said Assemblyman Anthony Verrelli**. "This bill will help protect patients from aggressive debt collection practices so they can focus on what matters most – healing and moving on."

"Anyone who has ever faced the burden of a health crisis followed immediately by crushing medical debt knows how utterly overwhelming and life-changing it can be," **said Assemblyman Wayne DeAngelo**. "The Louisa Carman Medical Debt Relief Act will ensure that, going forward, no one will have to choose between medical care and financial stability."

"The uninsured, parents, and those with lower incomes are among those most likely to have medical debt. No one should have to choose between paying medical bills and putting food on the table," **said Assemblyman Herb Conaway**. "This legislation is a critical step towards ensuring that patients in New Jersey can recover without the added stress of financial hardship."

"No one should have their credit ruined because they got sick or were injured," **said Laura Waddell, Health Care Program Director for New Jersey Citizen Action**. "This landmark law will help protect 1.5 million New Jersey residents from the worst effects of medical debt. We thank Governor Murphy and lawmakers like Assemblywoman Verlina Reynolds-Jackson and Senator Shirley Turner for championing this legislation through some tough hurdles. New Jersey continues to lead in healthcare access and protections; the credit reporting ban component of the Act will take effect immediately, which is a game-changer for many consumers. We look forward to working with both the Governor and our State Legislature to ensure New Jersey consumers have all the financial protections from medical debt they need, and that the general public is made aware of their rights under this law."

"Most importantly, by banning the reporting of most medical debt to credit agencies, the Louisa Carman Medical Debt Relief Act will end the weaponization of credit reporting against those who are unlucky enough to get sick and run up bills they cannot afford to pay," **said Renée Steinhagen, Executive Director, New Jersey Appleseed Public Interest Law Center**. "With this law, they will no longer need to worry about their credit being ruined, which can make it harder to buy or rent a home or a car or even interfere with getting a job. The ban covers a broad range of medical debt – not just doctor or hospital services but also dental and vision, home nursing care, pharmaceuticals, devices, ambulances and other medical transport."

"The New Jersey Hospital Association is committed to supporting policies that reduce the burden of medical debt, ensuring every New Jerseyan has access to high-quality, affordable healthcare," **said Cathy Bennett, president and CEO of the New Jersey Hospital Association (NJHA)**. "As out-of-pocket insurance costs continue to rise, it's imperative that we all work together to remove financial obstacles that prevent our communities from receiving the care they deserve. This bill is an important step forward in those efforts."

"The Louisa Carman Medical Debt Act goes a long way to protect blood cancer patients in New Jersey from the worst medical debt collection practices," **said Jana Boyer, the Executive Director at Leukemia & Lymphoma Society**. "We thank the Governor and the Legislature for their support in alleviating some of the burdens that medical debt puts on our patients and their families."

"Medical debt can push families into bankruptcy and prevent them from getting the health care they need, and this new law will put a stop to that," **said Brittany Holom-Trundy, Ph.D., Senior Policy Analyst at New Jersey Policy Perspective (NJPP)**. "This tackles some of the most predatory aspects of medical debt by capping interest payments, banning medical debt from showing up on credit reports, and stopping wage garnishment for people with low

incomes. With these changes, families in New Jersey will no longer have their health and finances ruined because of their medical bills. Governor Murphy, the bill sponsors, and health care advocates deserve a lot of credit for getting this done and setting a strong foundation for more consumer protections in the future."

"The signing of today's bill marks a crucial step forward in protecting consumers from the economic and emotional burdens of medical debt. MS is an expensive disease with the medical costs for someone living with MS being around \$67,000 more per year than the costs of someone without MS," **said Yasmin Nielsen, President of National MS Society, NJ Metro.** "This bill not only safeguards our communities but strengthens our commitment to fairness and compassion in healthcare. Together, we are ensuring that everyone can face health challenges without the added weight of financial insecurity. The National MS Society exists not only to end MS forever, but also to ensure that people affected by MS are empowered to live their best lives. Progress like this is a step towards that and shows what we can achieve when we work together for the well-being of all."

"For many years we have seen medical debt destroy the credit rating of patients who have been unfortunate enough to develop serious illness. Now, New Jersey has taken some positive steps in addressing this issue as Governor Murphy signs into law the Louisa Carman Medical Debt Relief Act," **said Debbie White, RN, HPAE President.** "This is a first step as we continue to advocate for stronger state and federal safeguards to protect our patients in this area."