

HOSPITAL PRICE TRANSPARENCY ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 95 as passed by the Senate
Sponsor: Sen. Jonathan Lindsey
House Committee: Health Policy
Senate Committee: Oversight
Complete to 11-11-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 95 would create a new act, the Hospital Price Transparency Act, to prohibit hospitals from attempting to collect debts incurred during any period in which they were not in compliance with federal hospital price transparency laws and regulations. These laws generally require hospitals to make their standard charges publicly available in a clear and accessible manner (see **Background**, below).

Specifically, the bill would prohibit a hospital from taking a *collection action* (see **Background**) against a patient or patient guarantor for a debt owed for items and services¹ if the hospital was not in material compliance with federal hospital price transparency laws² on the date the items and services were purchased or provided, as long as that date was on or after the bill's effective date. The bill would apply to critical access hospitals licensed and certified by the Department of Health and Human Services (DHHS) under federal regulations³ beginning six months after the bill takes effect.⁴

If a patient has evidence that a hospital was not in compliance with hospital price transparency laws on the date they purchased or were provided items and services, and the hospital takes a collection action against them or the patient guarantor for those items or services, the patient or guarantor could file a civil action to determine whether the hospital was out of compliance on that date and whether the noncompliance was related to those items or services. The hospital would be prohibited from taking any collection action while the civil case is pending.

If a judge or jury determines that a hospital was materially out of compliance with hospital price transparency laws, taking into consideration compliance standards issued by the Centers for Medicare and Medicaid Services (CMS),⁵ the hospital would have to do all of the following:

- Refund the payer any amount of the debt the payer has paid and pay a penalty to the patient or patient guarantor in an amount equal to the total amount of the debt.

¹ Which would include all items and services, including individual items and services and service packages, that could be provided by a hospital to a patient in connection with an inpatient admission or an outpatient department visit for which the hospital has established a standard charge. See <https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-E/part-180/subpart-A/section-180.20>

² Including both federal law (<https://www.law.cornell.edu/uscode/text/42/300gg-18>) and federal regulations (<https://www.govinfo.gov/content/pkg/FR-2023-11-22/pdf/2023-24293.pdf>)

For a fact sheet, see <https://www.cms.gov/newsroom/fact-sheets/hospital-price-transparency-fact-sheet>

³ <https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-G/part-485/subpart-F>

⁴ Although the bill would not apply to these hospitals until six months after the bill's effective date, as written it is unclear whether it would apply to those hospitals at that time with regard to items or services that had been purchased or provided during the previous six months (i.e., after the bill's effective date).

⁵ <https://www.cms.gov/priorities/key-initiatives/hospital-price-transparency>

- Dismiss or move to dismiss with prejudice any court action based on the debt and pay attorney fees and costs incurred by the patient or patient guarantor relating to the action.
- Remove or have removed from the patient's or patient guarantor's credit record any report made to a consumer reporting agency relating to the debt.

These remedies would serve as the exclusive remedy for a violation of the bill.

The bill states that the new act would not do either of the following:

- Prohibit a hospital from billing a patient, patient guarantor, or third-party payer, including a health insurer, for items and services provided to the patient.
- Require a hospital to refund any payment made to the hospital for items and services provided to the patient, if no collection action is taken in violation of the act.

Effectiveness

The bill cannot take effect unless Senate Bill 94 is also enacted.⁶ That bill would prohibit drug manufacturers, wholesalers, or wholesale distributor-brokers from prohibiting or restricting a 340B entity or a pharmacy the 340B entity contracts with from acquiring a 340B drug. The federal 340B Drug Pricing Program requires drug manufacturers that participate in Medicaid to sell outpatient drugs at reduced prices to qualifying hospitals and clinics that serve low-income or uninsured patients.

BACKGROUND:

Hospital transparency law and compliance

In 2021, the federal hospital price transparency rule took effect, requiring hospitals to publish detailed pricing information for common services and procedures so patients can compare costs before receiving care. Enforcement has been ongoing, but compliance has remained inconsistent. In November 2024, the Office of Inspector General in the U.S. Department of Health and Human Services released an audit report that found substantial noncompliance with the rule. The audit reviewed a sample of 100 hospitals and found that 37 failed to comply with one or more federal transparency requirements. Based on this sample, the office estimated that 46% of the 5,879 hospitals required to comply were not making information on their standard charges publicly available as required under federal law.⁷

Collection action and collection agency in the bill

The bill defines the term *collection action* as any of the following actions taken with respect to a debt for items and services purchased or provided on a date the hospital was not in compliance with hospital price transparency laws:

- An attempt to collect a debt from a patient or patient guarantor by referring the debt, directly or indirectly, to a debt collector, a *collection agency*, or another third party retained by or on behalf of the hospital.
- Suing the patient or patient guarantor or enforcing an arbitration or mediation clause in any hospital documents, including contracts, agreements, statements, or bills.
- Directly or indirectly having a report made to a consumer reporting agency.

⁶ <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2025-SB-0094>

⁷ <https://oig.hhs.gov/reports/all/2024/not-all-selected-hospitals-complied-with-the-hospital-price-transparency-rule/>

For purposes of the bill, *collection agency* would mean a person that does any of the following, and includes a person that, in the process of collecting the person's own debts, uses another name that would indicate that a third party is attempting to collect the debts:

- Engages in a business whose principal purpose is the collection of debts.
- Regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due to another.
- Takes assignment of debts for collection purposes.
- Directly or indirectly solicits for the collection of debts owed or due or asserted to be owed or due to another.

However, collection agency would *not* include any of the following:

- An officer or employee of a creditor while collecting debts for the creditor in the name of the creditor.
- A person while acting as a collection agency for another person, both of whom are related by common ownership or affiliated by corporate control, if the person acting as a collection agency does so only for creditors to whom it is so related or affiliated and if the principal business of the person is not the collection of debts.
- An officer or employee of the United States or any state to the extent that collecting or attempting to collect a debt is in the performance of the officer's or employee's official duties.
- A person while serving or attempting to serve legal process on another person in connection with the judicial enforcement of a debt.
- A person licensed to provide debt management services under the Debt Management Act.
- A person collecting or attempting to collect a debt owed or due or asserted to be owed or due to another person to the extent that any of the following apply:
 - The activity is incidental to a bona fide fiduciary obligation or a bona fide escrow arrangement.
 - The activity concerns a debt that was extended by the person attempting to collect the debt.
 - The activity concerns a debt that was not in default at the time it was obtained by the person attempting to collect the debt.
 - The activity concerns a debt obtained by the person attempting to collect the debt as a secured party in a commercial credit transaction involving the creditor.
- A person whose principal business is making loans or servicing debt not in default and that acts as a loan correspondent, seller and servicer for the owner, or holder of a debt that is secured by a deed of trust on real property, regardless of whether the debt is also secured by an interest in personal property.
- A licensee under the Horse Racing Law, the McCauley-Traxler-Law-Bowman-McNeely Lottery act, the Traxler-McCauley-Law-Bowman Bingo Act, the Michigan Gaming Control and Revenue Act, the Lawful Sports Betting Act, the Fantasy Contests Consumer Protection Act, or the Lawful Internet Gaming Act.

Previous legislation

Senate Bill 95 is identical to SB 952 of the 2023-24 legislative session as that bill was passed by the Senate. (Senate Bill 94, which SB 95 is tied to, is identical to SB 1179 of 2023-24 as passed by the Senate.)

FISCAL IMPACT:

Senate Bill 95 would have an indeterminate fiscal impact on local court funding units and would depend on the number of patients or patient guarantors that file civil actions in courts to determine if hospitals are out of compliance with hospital price transparency laws. Any increase in court caseloads and the related administrative costs would impact local units.

The bill would likely have no fiscal impact on the Department of Health and Human Services or Michigan's Medicaid program.

Legislative Analyst: Leah Doemer
Fiscal Analysts: Robin Risko
Kent Dell

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.