



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bills 449 and 450 (as reported without amendment)
Senate Bill 451 (Substitute S-1 as reported)
Sponsor: Senator Sarah Anthony (S.B. 449 & 451)
Senator Jonathan Lindsey (S.B. 450)
Committee: Health Policy

CONTENT

Senate Bill 449 would enact the "Hospital Financial Assistance Act" to do the following:

- Require a hospital to develop and implement a financial assistance program for patients receiving care from the hospital by January 1, 2027, and conspicuously and in understandable terms publish information about the program.
- Require a hospital to submit an annual report to the Director of the Department of Health and Human Services (DHHS) concerning certain details about the hospital's financial assistance program by October 1, 2027.
- Require the DHHS to establish by rule a uniform process for a hospital to collect information on a patient's income for determining eligibility for the hospital's financial assistance program.
- Prescribe penalties and enforcement action for violations of the Act.
- Create the Medical Debt Relief Fund within the State Treasury, allocate all civil fines under the Act to the Fund, and require the DHHS to spend money from the Fund on programs that relieve medical debt within Michigan.

Senate Bill 450 would amend Public Act 350 of 1913, which governs the establishment and funding of county public hospitals, to specify that the power of a board of hospital trustees to determine a patient's need for financial assistance would be subject to Senate Bill 449's proposed "Hospital Financial Assistance Act".

Senate Bill 451 (S-1) would enact the "Medical Debt Act" to do the following:

- Prohibit a consumer reporting agency from making a consumer report that contained an adverse item of information related to medical debt.
- Prohibit a collection agency attempting to collect medical debt from representing that the medical debt information would be included in a consumer report, with certain exceptions.
- Prescribe penalties for violations of the Act.

Senate Bill 450 is tie-barred to Senate Bill 449.

MCL 331.167 (S.B. 450)

BRIEF RATIONALE

According to testimony, about 700,000 Michigan residents carry medical debt, many of whom experience long-term financial harm as a result. This debt, often a result of seeking necessary medical care, may discourage Michigan residents from seeking such care in the future and cause negative health outcomes. Testimony further indicates that some residents may have to choose between paying off existing medical debt or paying for basic standards of living like food or medicine. Standardizing medical debt assistance programs in hospitals could improve

health outcomes for Michigan residents by affording them the opportunity to seek medical care without concern of accumulating an unpayable amount of medical debt.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bills would have no fiscal impact on the DHHS, the Department of Licensing and Regulatory Affairs, and the Department of Insurance and Financial Services. They would have an indeterminate fiscal impact on the Department of Treasury. Existing appropriations would be sufficient to establish and direct the investment of the new Medical Debt Relief Fund. If the average daily balance of the Fund regularly exceeded \$1.0 million, minor administrative costs could be incurred. This would depend on the total amount appropriated to the Fund, which is currently unknown.

Beginning in 2027, the Attorney General could begin incurring litigation costs. The amount of the costs would depend upon the number and scope of potential litigation against hospitals under the proposed "Hospital Financial Assistance Act". While the Act would impose civil fines against hospitals for violations, it would not cover potential costs the Attorney General could have when bringing action under the language of the bill. It is possible that local courts could see an increase in filings under the bills. The degree to which increased filings would create costs for local courts would depend upon the number and scope of such filings.

Date Completed: 12-1-25

Fiscal Analyst: Ellyn Ackerman
Nathan Leaman
John P. Maxwell
Elizabeth Raczkowski
Michael Siracuse

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.