HOUSE BILL NO. 5255

November 12, 2025, Introduced by Reps. Pohutsky, Rigas, Koleszar, Breen, Weiss, Young, Price, Glanville, Rogers, Morgan, MacDonell, Mentzer, Brixie, Kunse, Scott and Wilson and referred to Committee on Health Policy.

A bill to limit interest and charges on medical debt; to limit actions taken to collect medical debt; to limit the sale of medical debt; to require information to be provided regarding medical debt; and to provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. This act may be cited as the "medical debt protection act".

Sec. 2. As used in this act:

(a) "Consumer reporting agency" means that term as defined in

15 USC 1681a.

(b) "Emergency medical condition" means, regardless of the final diagnosis rendered, the condition of an emergency patient, as that term is defined in section 20904 of the public health code, 1978 PA 368, MCL 333.20904.

(c) "Emergency services" means all of the following with respect to an emergency medical condition:

(*i*) Both of the following:

(A) A medical screening examination as required under 42 USC 1395dd that is within the capability of the emergency department of a hospital, including ancillary services routinely available to the emergency department to evaluate the emergency medical condition.

(B) Further medical examination and treatment, to the extent they are within the capabilities of the staff and facilities available at the hospital, as are required under 42 USC 1395dd(e)(3) to stabilize the patient.

(*ii*) As it relates to any mental health service or substance use disorder service, as those terms are used in the definition of service in section 100d of the mental health code, 1974 PA 258, MCL 330.1100d, rendered at a behavioral health crisis service provider, both of the following:

(A) A behavioral health assessment that is within the capability of a behavioral health crisis service provider, including ancillary services routinely available to evaluate the emergency medical condition.

(B) Further examination and treatment, to the extent that they are within the capabilities of the staff and facilities available at the behavioral health crisis service provider, as are required so that the patient's condition does not deteriorate.

(d) "Extraordinary collection action" means any action taken to obtain payment of a medical debt to which any of the following apply:

(*i*) The action involves selling an individual's medical debt to another party.

(*ii*) The action involves reporting adverse information about an individual to consumer reporting agencies.

(*iii*) The action involves deferring, denying, or requiring a payment before providing emergency services or urgent services because of an individual's nonpayment of medical debt.

(*iv*) The action requires a legal or judicial process, including, but not limited to, any of the following:

(A) Placing a lien on an individual's property.

(B) Foreclosing on an individual's real property.

(C) Attaching or seizing an individual's bank account or any other personal property.

(D) Commencing a civil action against an individual.

(E) Causing an individual's arrest.

(F) Garnishing an individual's wages.

(e) "Financial assistance policy" means a written policy made under 26 CFR 1.501(r)-1 to 1.501(r)-7 or another written policy for providing financial assistance to patients adopted by a large healthcare facility or medical creditor voluntarily or otherwise as required by applicable federal or state statute, regulation, or rule.

(f) "Healthcare services" means services provided to prevent, alleviate, cure, or heal human physical illness or injury or a mental or behavioral condition or disorder.

(g) "Large healthcare facility" means a person that is either of the following:

(*i*) A hospital as that term is defined in section 20106 of the public health code, 1978 PA 368, MCL 333.20106.

(*ii*) A person that provides 1 or more healthcare services and that has an annual revenue of not less than $20,000,000.00.

(h) "Medical creditor" means the person that provided healthcare services, products, or transportation that gave rise to the medical debt and to which the medical debt is owed or, if the medical debt has been sold, to which the medical debt was previously owed.

(i) "Medical debt" means debt that arises from the receipt of healthcare services or a healthcare product, including, but not limited to, a device, piece of durable medical equipment, or prescription drug, or from transportation to receive healthcare services. Medical debt does not include debt charged to a credit card, but does include an open-end or closed-end extension of credit by a financial institution that may be used by the borrower only to purchase healthcare services, products, or transportation described in this subdivision.

(j) "Medical debt buyer" means a person that is engaged in the business of purchasing medical debt or collecting medical debt on behalf of another person, whether the medical debt buyer collects the medical debt directly or hires an attorney or other person to collect the medical debt.

(k) "Medical debt collector" means a person that regularly collects or attempts to collect, directly or indirectly, medical debts originally owed, due, or asserted to be owed or due to another. Medical debt collector includes a medical debt buyer.

(*l*) "Patient" means the person that owes the medical debt, including the individual who received the healthcare services and a parent or guardian that is legally liable for the medical debt.

(m) "Urgent services" means healthcare services the delay of which could seriously jeopardize an individual's life, health, or ability to regain maximum function.

Sec. 3. (1) A large healthcare facility or medical debt buyer shall not charge a patient interest or a late fee on medical debt until 90 days after the due date applicable to the final invoice for the medical debt.

(2) A large healthcare facility or medical debt buyer shall not charge interest or late fees on medical debt that exceeds 3 percent of the amount of the medical debt per annum.

(3) A medical creditor or medical debt collector shall not use any of the following extraordinary collection actions to collect a medical debt:

(a) Causing an individual's arrest.

(b) Foreclosing on an individual's real property.

(c) Placing a lien on an individual's personal property.

(d) Garnishing the wages of an individual who qualifies for financial assistance under the financial assistance policy applicable to the underlying medical debt.

(4) A medical creditor shall not sell an individual's medical debt to a medical debt buyer unless, before the sale, the medical creditor has entered into a legally binding written agreement with the medical debt buyer under which all of the following apply:

(a) The medical debt buyer is prohibited from engaging in any extraordinary collection action described in subsection (3) to obtain payment.

(b) The medical debt buyer is prohibited from charging interest on the debt at a rate higher than 3 percent per annum.

(c) The debt is returnable to or recallable by the medical creditor on a determination by the medical debt buyer that the individual is eligible for financial assistance under the financial assistance policy applicable to the underlying medical debt.

(d) The medical debt buyer is required to adhere to specified procedures that ensure that the individual does not pay, and has no obligation to pay, the medical debt buyer more than the individual is responsible for paying in compliance with this act.

(5) A medical creditor that sells medical debt to a medical debt buyer under an agreement described in subsection (4) is liable for any actions taken by the medical debt buyer in relation to the medical debt, subject to any indemnification provisions agreed to by the creditor and the buyer.

(6) A medical creditor or medical debt collector shall not take any extraordinary collection action until 120 days after the due date applicable to the final invoice for a healthcare service. Not later than 30 days before taking any extraordinary collection action, a medical creditor or medical debt collector shall provide the patient a notice that includes all of the following:

(a) If the medical debt resulted from healthcare services provided by a large healthcare facility, a statement of whether financial assistance is available for eligible individuals and a plain-language summary of any financial assistance policy.

(b) A list of any extraordinary collection actions that will be taken to obtain payment.

(c) A deadline after which the extraordinary collection actions will be initiated, which must be 30 days or more after the date the notice is provided.

(7) A large healthcare facility or medical debt collector collecting medical debt for healthcare services provided by a large healthcare facility shall not use any extraordinary collection action unless the action is described in the large healthcare facility's billing and collections policy.

(8) If a patient has paid any part of a medical debt in excess of the amount owed after receiving any financial assistance offered by a large healthcare facility, the large healthcare facility or medical debt collector, as specified in the agreement required by subsection (4), shall refund the excess amount to the patient not later than 60 days after the excess payment is determined.

Sec. 4. A violation of this act is a prohibited practice under and subject to the enforcement provisions of the Michigan consumer protection act, 1976 PA 331, MCL 445.901 to 445.922.

Enacting section 1. This act does not take effect unless House Bill No. 5254 (request no. H04261'25) of the 103rd Legislature is enacted into law.