

# SENATE BILL NO. 702

November 06, 2025, Introduced by Senators ANTHONY and CAVANAGH and referred to Committee on Finance, Insurance, and Consumer Protection.

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:**

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

3           Sec. 2. As used in this act:

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

1 15 USC 1681a.

2 (b) "Emergency medical condition" means, regardless of the  
3 final diagnosis rendered, the condition of an emergency patient, as  
4 that term is defined in section 20904 of the public health code,  
5 1978 PA 368, MCL 333.20904.

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

8 (i) Both of the following:

9 (A) A medical screening examination as required under 42 USC  
10 1395dd that is within the capability of the emergency department of  
11 a hospital, including ancillary services routinely available to the  
12 emergency department to evaluate the emergency medical condition.

13 (B) Further medical examination and treatment, to the extent  
14 they are within the capabilities of the staff and facilities  
15 available at the hospital, as are required under 42 USC  
16 1395dd(e) (3) to stabilize the patient.

17 (ii) As it relates to any mental health service or substance  
18 use disorder service, as those terms are used in the definition of  
19 service in section 100d of the mental health code, 1974 PA 258, MCL  
20 330.1100d, rendered at a behavioral health crisis service provider,  
21 both of the following:

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

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

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

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

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

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

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

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

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

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

17 (D) Commencing a civil action against an individual.

18 (E) Causing an individual's arrest.

19 (F) Garnishing an individual's wages.

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

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

29 (g) "Large healthcare facility" means a person that is either

1 of the following:

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

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

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

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

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

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

29 (l) "Patient" means the person that owes the medical debt,

1 including the individual who received the healthcare services and a  
2 parent or guardian that is legally liable for the medical debt.

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

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

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

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

16 (a) Causing an individual's arrest.

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

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

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

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

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

29 (b) The medical debt buyer is prohibited from charging

1 interest on the debt at a rate higher than 3 percent per annum.

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

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

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

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

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

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

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

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

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

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

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