

FLORIDA HOUSE OF REPRESENTATIVES

FINAL BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: CS/HB 547	COMPANION BILL: CS/SB 656 (Rodriguez)
TITLE: Medical Debt	LINKED BILLS: None
SPONSOR(S): Partington	RELATED BILLS: None
FINAL HOUSE FLOOR ACTION: 116 Y's 0 N's	GOVERNOR'S ACTION: Approved

SUMMARY

Effect of the Bill:

CS/HB 547 provides an exception to the requirement that hospitals and ambulatory surgical centers provide 30 days' notice to consumers before selling their debt. The exception applies if the facility and the medical debt buyer have a contract that states the debt may not incur interest or fees, the debt buyer may not engage in other extraordinary collection actions that the facility could otherwise engage in, and the debt buyer will return the debt to the licensed facility if it finds that the debt qualifies for the facility's charity care program.

The bill also clarifies current law that the regulatory requirements for medical debt held by hospitals and ambulatory surgical centers apply to all bills for payment, not only those covered under the facility's financial assistance program.

Fiscal or Economic Impact:

None

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ANALYSIS

EFFECT OF THE BILL:

Extraordinary Collection Actions for Medical Debt

Under current law, extraordinary collection actions related to [medical debt](#) are certain activities that a hospital or ambulatory surgical center (ASC) takes toward obtaining payment of a consumer's unpaid bill for services that are covered under the licensed facility's [charity care](#) program.¹ These include, among other actions, the sale of the debt.

Before a licensed facility may engage in an [extraordinary collection action](#), the facility must notify the consumer in writing by certified mail or other traceable delivery method, 30 days prior to the action, that a collection action will begin without additional action by the consumer.²

CS for HB 547 provides an exception to the 30-day notice requirement if the licensed facility and the [medical debt buyer](#) have a contract that states the debt may not incur interest or fees, the debt buyer may not engage in other extraordinary collection actions that the facility could otherwise engage in, and the debt buyer will return the debt to the licensed facility if it finds that the debt qualifies for the facility's charity care program. (Section [1](#)).

The bill also clarifies current law that the regulatory requirements for medical debt held by hospitals and ASCs applies to all bills for payment, not only those covered under the facility's financial assistance program. (Section [1](#)).

The bill was approved by the Governor on May 27, 2025, ch. 2025-98, L.O.F., and will become effective on July 1, 2025.

¹ [SS. 395.3011\(1\), F.S.; 395.002\(17\), F.S.](#)

² [S. 395.3011\(2\)\(e\), F.S.](#)

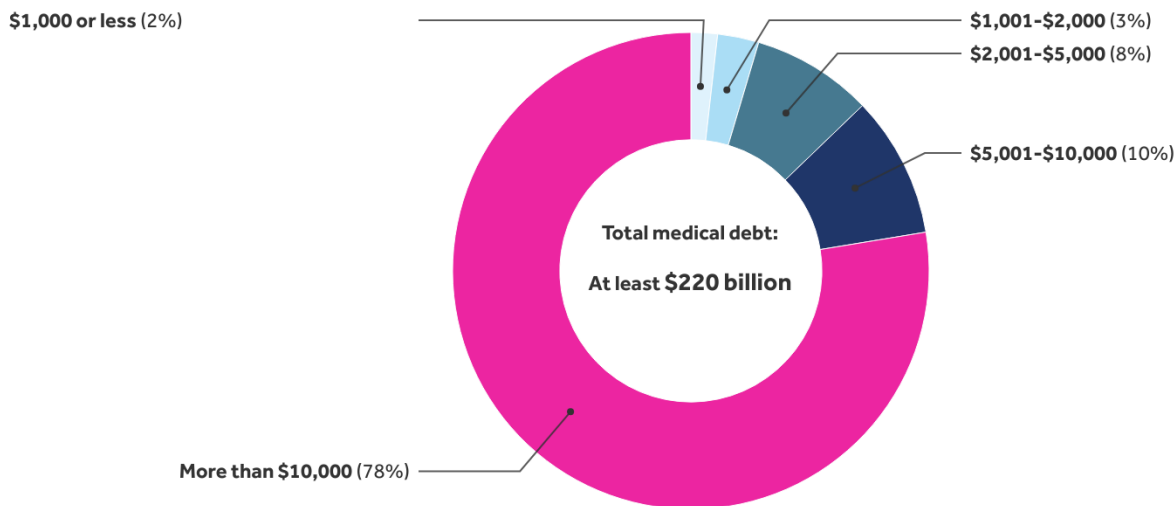
RELEVANT INFORMATION

SUBJECT OVERVIEW:

Medical Debt

Costs from medical services, products, and devices can result in overwhelming debts to patients. Nearly one in twelve American Adults, or 20 million people, owe over \$250 in unpaid medical bills.³ Approximately 41 percent of Americans owe some amount of medical debt to family members, banks, collection agencies, or other lenders.⁴ In Florida, 8.7 percent of residents have medical debt in a given year.⁵ Most Americans report being at least “somewhat concerned” that a major health event could land them in debt, including 28 percent of Americans who reported that they are “very concerned.”⁶ Medical debt is more likely for consumers who are disabled, in poor health, low income, and uninsured.⁷

Share of aggregate total medical debt in the U.S., by the amount of debt individuals owe, 2021



Note: To reduce the influence of the highest debt holders on the total, KFF used a conservative method to calculate medical debt for respondents with extremely high debt amounts. This approach removes the highest debt values from the calculation. This analysis is limited to those owing over \$250 in medical debt.

Source: KFF analysis of the Survey of Income and Program Participation (SIPP)

Peterson-KFF

Health System Tracker

Of those who owe medical debt, most of the total medical debt in the U.S. is made up of consumers with over \$10,000 or more of medical debt. Approximately 14 million Americans owe over \$1,000 in medical debt, and about three million Americans owe more than \$10,000 in medical debt.⁸

Many consumers take out loans to pay medical bills. In 2024, more than 31 million Americans borrowed a collective \$74 billion to pay for health expenses.⁹

³ Cynthia Cox, et. al., Peterson-KFF Health System Tracker, *The Burden of Medical Debt in the United States* (Feb. 12, 2024). Available at <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/> (last visited Mar. 22, 2025).

⁴ Mollyann Brodie, et. al., Peterson-KFF Health System Tracker, *Health Care Debt in the U.S.: The Broad Consequences of Medical and Dental Bills* (Jan. 16, 2022). Available at <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/> (last visited Mar. 22, 2025).

⁵ *Supra* note 4.

⁶ West Health, *Americans Borrowed \$74 Billion Last Year to Cover Healthcare Costs* (Mar. 5, 2025). Available at <https://westhealth.org/news/americans-borrowed-74-billion-last-year-to-cover-healthcare-costs/> (last visited Mar. 22 2025).

⁷ *Id.*

⁸ *Supra* note 4.

⁹ *Supra* note 6.

When medical bills go unpaid, licensed facilities frequently resort to legal action to collect debts. A 2022 KFF Health News study found that more than two thirds of hospitals sue patients or take other legal action against them for unpaid bills.¹⁰ About two third of hospitals also report unpaid bills to credit rating agencies. One in five hospitals deny nonemergency care to consumers who currently have medical debt.¹¹

Debt Subject to Interest, Fees, and Legal Processes

The Fair Debt Collection Practices Act (FDCPA) requires that any debt charged interest must be authorized by state law or the original agreement for services between the consumer and licensed facility.¹² Debt collectors may have legal grounds to impose charges if the initial contract explicitly states that overdue payments will accrue interest. Debt collectors may not collect interest or fees when the initial contract lacks an express provision authorizing interest or fees on debt.

The Florida Constitution provides that a creditor cannot take a debtor's homestead and \$1,000 of personal property.¹³ Florida law additionally prohibits debt collectors from collecting medical debt by using attachment, garnishment, or any other legal process on a debtor's interest in a single motor vehicle worth no more than \$10,000 and personal property not claimed under a homestead exemption and worth no more than \$10,000.¹⁴

Medical Debt Buyers

A quarter of hospitals sell patient's medical debt accounts to medical debt buyers.¹⁵ Debt collectors perform nearly all medical debt collections rather than health care providers or licensed facilities.¹⁶

Medical debt buyers purchase past-due accounts from lenders, such as hospitals and ASCs. Medical debt buyers typically buy the medical debt accounts in bulk at a fraction of the price that the hospitals or ASCs would receive if consumers paid their debts. This purchase provides hospitals or ASCs with a guarantee of instant liquidity rather than engaging in collection practices or remaining with unpaid debt accounts.

The debt buyer may then either attempt to collect the debt themselves or contract with a debt collector. The debt buyer keeps any consumer payments toward debts rather than returning it to the licensed facility.

Extraordinary Collection Action Regulation

Florida law regulates extraordinary collection actions taken by a licensed facility related to medical debt. The regulatory requirements apply to the following actions to obtain payment of a consumer's unpaid bill¹⁷:

- Selling a consumer's debt to another party;
- Reporting adverse information about the consumer to consumer credit reporting agencies;
- Deferring, denying, or requiring a payment because of the consumer's unpaid bills for previously provided care by the licensed facility before providing medically necessary care; and

¹⁰ Noam Levy, National Public Radio, *Investigation: Many U.S. Hospitals Sue Patients for Debts or Threaten Their Credit* (Dec. 21, 2022). Available at <https://www.npr.org/sections/health-shots/2022/12/21/1144491711/investigation-many-u-s-hospitals-sue-patients-for-debts-or-threaten-their-credit> (last visited Mar. 22, 2025).

¹¹ *Id.*

¹² Rachel Marin, American Bar Association, *Collecting Interest on Charged Off Debts and How Collectors Must Disclose the Accrual of Interest to the Debtor* (April 22, 2014). https://www.americanbar.org/groups/business_law/resources/business-law-today/2014-april/collecting-interest-on-charged-off-debts-and-how-debt-collectors/ (last visited Mar. 22, 2025).

¹³ Art. X, s. 4(a), Fla. Const.

¹⁴ [S. 222.26, F.S.](#)

¹⁵ *Supra* note 10.

¹⁶ *Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information*, 90 Fed. Reg. 3372 (Jan. 27, 2025) (to be codified at 45 C.F.R. pt. 1022.30(e)).

¹⁷ [S. 395.3011\(1\), F.S.](#)

- Actions that require a legal or judicial process, including, but not limited to:
 - Placing a lien on the consumer's property;
 - Foreclosing on the consumer's real property;
 - Attaching or seizing the individual's bank account or any other personal property;
 - Commencing a civil action against the consumer;
 - Causing the consumer's arrest; or
 - Garnishing the individual's wages.

Under current law, health care facilities cannot engage in an extraordinary collection action if the¹⁸:

- Facility has not made reasonable efforts to determine if the consumer is eligible for charity care under its financial assistance policy;
- Facility has not provided the consumer with an itemized statement or bill;
- Facility has not billed any applicable insurer and allowed the insurer to adjudicate the claim;
- Facility has not provided the consumer with 30 days' notice in writing by certified mail or other traceable delivery method that a collection action will begin without additional action by the consumer;
- Consumer is currently engaged in an ongoing grievance process or an ongoing appeal of a claim adjudication with the licensed facility;
- Consumer is negotiating with the consumer in good faith about the final amount of a bill for services rendered; or
- Consumer is complying with all terms of a payment plan with the licensed facility.

These prohibitions apply to hospitals and ASCs regulated under [ch. 395, F.S.](#), by the Agency for Health Care Administration.

[Charity Care](#)

A facility's charity care program, or facility assistance plan, provides consumers who meet the facility's eligibility criteria and are unable to pay for all or a portion of the services with free or discounted health services.¹⁹ Charity care programs' discounted services and eligibility criteria vary per facility. Nonprofit hospitals are required to offer charity care under the Patient Protection and Affordable Care Act.²⁰ A 2019 KFF Health News report found that nearly half of nonprofit medical systems were billing patients with incomes low enough to qualify for charity care.²¹

¹⁸ [S. 395.3011\(2\), F.S.](#)

¹⁹ Scott Hulver, et. al., Peterson-KFF Health System Tracker, *Hospital Charity Care: How it Works and Why it Matters* (Nov. 3, 2022). Available at <https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/> (last visited Mar. 22, 2025).

²⁰ Internal Revenue Service, *Financial Assistance Policy and Emergency Medical Care Policy – Section 501(r)(4)*. Available at <https://www.irs.gov/charities-non-profits/financial-assistance-policy-and-emergency-medical-care-policy-section-501r4> (last visited Mar. 26, 2025).

²¹ Noam Levey, KFF Health News, *Hundreds of Hospitals Sue Patients or Threaten Their Credit, a KHN Investigation Finds. Does Yours?* (Dec. 21, 2022). Available at <https://kffhealthnews.org/news/article/medical-debt-hospitals-sue-patients-threaten-credit-khn-investigation/> (last visited Mar. 26, 2025).