

1 S.83

2 Introduced by Senator Vyhovsky

3 Referred to Committee on

4 Date:

5 Subject: Consumer protection; credit reporting; court procedure; hospitals;
6 medical debt

7 Statement of purpose of bill as introduced: This bill proposes to prohibit credit
8 reporting agencies from reporting or maintaining information in a consumer's
9 file relating to a medical debt. It would limit the amount of interest that could
10 be charged on medical debt and would prohibit a court from ordering the
11 attachment of a person's property or garnishing a person's wages to pay off a
12 medical debt. It would also prohibit hospitals, hospital-affiliated outpatient
13 clinics and facilities, ambulatory surgical centers, and medical debt collectors
14 from reporting medical debt to credit reporting agencies.

15 An act relating to protections against medical debt

16 It is hereby enacted by the General Assembly of the State of Vermont:

17 Sec. 1. 9 V.S.A. § 41a is amended to read:

18 § 41a. LEGAL RATES

1 (a) Except as specifically provided by law, the rate of interest or the sum
2 allowed for forbearance or use of money shall be 12 percent per annum
3 computed by the actuarial method.

4 (b) The rate of interest or the sum allowed:

5 * * *

6 (10)(A) Except as provided in subdivision (B) of this subdivision (10),
7 for medical debt, the interest shall be limited to the rate of interest equal to the
8 weekly average one-year constant maturity Treasury yield, but not less than 1.5
9 percent per annum nor more than four percent per annum, as published by the
10 Board of Governors of the Federal Reserve System for the calendar week
11 preceding the date on which the consumer was first provided with a bill.

12 (B) A patient receiving financial assistance pursuant to 18 V.S.A.
13 chapter 221, subchapter 10 shall not be charged any interest or late fees on
14 medical debt.

15 (C) As used in this subdivision (10):

16 (i) "Medical debt" means a debt arising from the receipt of health
17 care services.

18 (ii) "Health care services" means services for the diagnosis,
19 prevention, treatment, cure, or relief of a physical, dental, behavioral, or mental
20 health condition or substance use disorder, including counseling, procedures,
21 products, devices, and medications.

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Sec. 2. 9 V.S.A. § 2466d is added to read:

§ 2466d. REPORTING OF MEDICAL DEBT INFORMATION

PROHIBITED

A credit reporting agency shall not report or maintain in the file on a consumer information relating to a medical debt, as defined in 18 V.S.A. § 9481.

Sec. 3. 12 V.S.A. § 1044 is added to read:

§ 1044. LIMITATIONS ON ENFORCEMENT OF MEDICAL DEBT

(a) Notwithstanding any other provision of law or rule to the contrary, the court shall not order attachment of or execution or trustee process on any person's property or earnings in order to enforce a medical debt against the person.

(b) As used in this section:

(1) "Medical debt" means a debt arising from the receipt of health care services.

(2) "Health care services" means services for the diagnosis, prevention, treatment, cure, or relief of a physical, dental, behavioral, or mental health condition or substance use disorder, including counseling, procedures, products, devices, and medications.

1 Sec. 4. 18 V.S.A. chapter 221, subchapter 10 is amended to read:

2 Subchapter 10. Patient Financial Assistance and Medical Debt

3 * * *

4 § 9485. PROHIBITION ON SALE OR REPORTING OF MEDICAL DEBT

5 (a) No large health care facility shall sell its medical debt.

6 (b) No large health care facility or medical debt collector shall report or
7 otherwise furnish any portion of a medical debt to a credit reporting agency.

8 * * *

9 Sec. 5. EFFECTIVE DATE

10 This act shall take effect on July 1, 2025, provided that the limitations on
11 interest in Sec. 1 (9 V.S.A. § 41a) shall apply only to new medical debt
12 incurred on or after July 1, 2025.