

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: CS/SB 656

INTRODUCER: Health Policy Committee and Senator Rodriguez

SUBJECT: Health Care Billing and Collection Activities

DATE: March 28, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Looke</u>	<u>Brown</u>	<u>HP</u>	<u>Fav/CS</u>
2.	<u>McMillan</u>	<u>McKay</u>	<u>CM</u>	<u>Pre-meeting</u>
3.	_____	_____	<u>RC</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 656 amends s. 395.3011, F.S., to extend protections from “extraordinary collection actions” by hospitals and ambulatory surgical centers (ASC) to all actions relating to payments of a bill for care. Current protections, created in 2024, apply only to bills for care covered under the hospital’s or ASC’s financial assistance policy. The bill also allows a hospital or ASC to sell an individual’s debt without a 30-day notification to the patient if the hospital or ASC meets specified requirements.

The bill provides an effective date of July 1, 2025.

II. Present Situation:

Medical Debt

Medical debt, or personal debt incurred from unpaid medical bills, is a leading cause of bankruptcy in the United States. Two-thirds of medical debts are the result of a one-time or short-term medical expense arising from an acute medical need.¹ Many medical collections on

¹ Hamel, Liz et al., *The Burden of Medical Debt: January 2016 Results from the Kaiser Family Foundation/New York Times Medical Bills Surve*, Kaiser Family Foundation. January 2016, available at [The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey \(kff.org\)](https://www.kff.org/medicaid/report/the-burden-of-medical-debt-january-2016/) (last visited Mar. 28, 2025).

consumer credit reports are low-dollar accounts.² Data from the federal Consumer Financial Protection Bureau's Consumer Credit Panel show that in 2020, the median medical collection was \$310, the mean medical collection was \$773, and 62 percent of medical collections were under \$490.³ In Florida, approximately 6.6 percent of the population has medical debt in collection.⁴ The median amount of medical debt in collections is \$1593.⁵ The percentage of persons without health insurance coverage is 11.1 percent.⁶

Medical Debt Collection in Florida

Debt Collection in General

Florida law provides a court process for the collection of lawful debts, including medical debts.⁷ A creditor may sue a debtor and, if the creditor prevails, the creditor may receive a final judgment awarding monetary damages.⁸ If the debtor does not voluntarily pay the judgment, the creditor has several legal means to collect on the debt, including:

- Wage garnishment.
- Garnishment of money in a bank account.
- Directing the sheriff to seize assets, sell them, and give the proceeds to the creditor.⁹

In order to protect debtors from being destitute, current state law provides that certain property is exempt from being taken by a creditor. The Florida Constitution provides that the debtor's homestead and \$1,000 of personal property is exempt.¹⁰ Statutory law provides numerous categories of exempt property, and federal law also provides certain exemptions applicable in all states.¹¹

In addition to the protection from creditors contained in the State Constitution, ch. 222, F.S., protects other personal property from certain claims of creditors and legal process: garnishment of wages for a head of family;¹² proceeds from life insurance policies;¹³ wages or unemployment compensation payments due to certain deceased employees;¹⁴ disability income benefits;¹⁵ assets in qualified tuition programs; medical savings accounts; Coverdell education savings accounts; hurricane savings accounts;¹⁶ \$5,000 interest in a motor vehicle; professionally prescribed health aids; certain refunds or credits from financial institutions; and \$4,000 interest in personal

² Consumer Financial Protection Bureau, *Medical Debt Burden in the United States*, February 2022, available at [Medical Debt Burden in the United States](#) (last visited Mar. 28, 2025).

³ *Id.*

⁴ Debt in America 2024, Urban Data Catalog, *Debt in America State-Level Medical Debt*, Sep. 12, 2024, available at [Debt in America 2024 | Urban Data Catalog](#), (last visited Mar. 28, 2025).

⁵ *Id.*

⁶ *Id.*

⁷ See ch. 56, F.S.

⁸ *Id.*

⁹ See ch. 77, F.S. See also ch. 56, F.S.

¹⁰ Art. X, s. 4(a), Fla. Const.

¹¹ For example, the federal ERISA law provides that most retirement plans are exempt from creditor claims.

¹² Section 222.11, F.S.

¹³ Section 222.13, F.S.

¹⁴ Section 222.15, F.S.

¹⁵ Section 222.18, F.S.

¹⁶ Section 222.22, F.S.

property, if the debtor does not claim or receive the benefits of a homestead exemption under the State Constitution.¹⁷

Changes Specific to Medical Debt

Chapter 2024-183, Laws of Fla., made significant changes to how a hospital or ASC is allowed to collect on debt owed to it. Specifically, the law:¹⁸

- Prohibits hospitals and ASCs from filing an extraordinary collection action for medical debt;
- Establishes a new three-year statute of limitation period for medical debt collections which begins on the date the hospital or ASC refers the medical debt to a third party;
- Exempts up to \$10,000 of a debtor’s property from attachment, garnishment, or other legal action by a hospital or ASC to recover a medical debt; and
- Prohibits a hospital or ASC from engaging in extraordinary action to collect a medical debt while a patient ‘s eligibility for enrollment in, or grievance about other coverages are pending.

Part of the 2024 law created s. 395.3011, F.S., which prohibits a hospital or ASC from engaging in certain billing and collection activities relating to medical debt. Section 395.3011, F.S., defines “extraordinary collection actions” to mean any of the following actions taken by a licensed facility against an individual in relation to obtaining payment of a bill for care covered under the facility’s financial assistance policy:

- Selling the individual’s debt to another party.
- Reporting adverse information about the individual to consumer credit reporting agencies.
- Deferring, denying, or requiring a payment before providing medically necessary care because of the individual’s nonpayment of one or more bills for previously provided care covered under the facility’s financial assistance policy.
- Actions that require a legal or judicial process, including, but not limited to:
 - Placing a lien on the individual’s property;
 - Foreclosing on the individual’s real property;
 - Attaching or seizing the individual’s bank account or any other personal property;
 - Commencing a civil action against the individual;
 - Causing the individual’s arrest; or
 - Garnishing the individual’s wages.

The 2024 law prohibits a hospital or ASC from engaging in an extraordinary collection action to obtain payment for services in the following circumstances:

- Before the facility has made reasonable efforts to determine whether the individual is eligible for assistance under its financial assistance policy for the care provided and, if eligible, before a decision is made by the facility on the patient’s application for such financial assistance;
- Before the facility has provided the individual with an itemized statement or bill;
- During an ongoing grievance process as described in s. 395.301(6), F.S., or an ongoing appeal of a claim adjudication;

¹⁷ Section 222.25, F.S.

¹⁸ See s. 95.11, F.S. See also s. 395.3011, F.S. See also s. 222.26, F.S.

- Before billing any applicable insurer or HMO and allowing the insurer or HMO to adjudicate a claim;
- For 30 days after notifying the patient in writing, by certified mail, or by other traceable delivery method, that a collection action will commence absent additional action by the patient; or
- While the individual:
 - Negotiates in good faith the final amount of a bill for services rendered; or
 - Complies with all terms of a payment plan with the facility.

III. Effect of Proposed Changes:

The bill amends s. 395.3011, F.S., to:

- Expand the scope of “extraordinary collection action” to include actions taken in relation to obtaining payment for any bill of care, rather than only bills of care that are covered under a hospital’s or ASC’s financial assistance policy.
- Allow a hospital or ASC to sell a patient’s debt without 30-day notice to the patient if the debt:
 - Is not subject to interest, fees, or actions that require a legal or judicial process; and
 - Is returned to the facility if it is determined that the debt qualifies for charity care under the facility’s financial assistance policy.

The bill provides an effective date of July 1, 2025.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None Identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 395.3011 of the Florida Statutes.

IX. Additional Information:A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS by Health Policy on March 25, 2025:**

The committee substitute eliminates all provisions from the underlying bill except expanding the definition of “extraordinary collection action” to apply to all bills for care and allowing a hospital or ASC to sell a patient’s debt without a 30-day notice to the patient under certain circumstances.

B. Amendments:

None.