

Date of Hearing: July 1, 2024

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Timothy Grayson, Chair

SB 1061 (Limón) – As Amended June 19, 2024

**SENATE VOTE:** 31-8

**SUBJECT:** Consumer debt: medical debt

**SUMMARY:** Prohibits a consumer credit reporting agency (CRA) from making a consumer credit report containing information about medical debt, as defined. Prohibits a person who uses a consumer credit report in connection with a credit transaction from using medical debt listed on the report as a negative factor when making a credit decision.

Specifically, **this bill:**

- 1) Defines “medical debt” as a debt related to, in whole or in part, a transaction, account, or balance arising from a medical service, product, or device. Medical debt does not include:
  - a) Debt charged to a credit card, unless either the credit card is issued under an open-end or closed-end plan offered specifically for the payment of medical services, products, or devices or the credit card allows for deferred interest purchases of a medical service, product, or device.
  - b) A loan secured by real property unless either the lender marketed the loan as being for the purpose of paying for a medical service, product, or device, or at the time the loan was made, the lender had actual knowledge that the borrower intended to use the proceeds of the loan to pay for a medical service, product, or device.
- 2) Prohibits a CRA from making any consumer credit report containing medical debt.
- 3) Prohibits a person who uses a consumer credit report in connection with a credit transaction from using a medical debt listed on the report as a negative factor when making a credit decision.
- 4) Prohibits a person from furnishing information regarding a medical debt to a CRA.
- 5) Specifies that a medical debt is void and unenforceable if a person knowingly violates the provisions of this bill by furnishing information regarding the medical debt to a consumer credit reporting agency.
- 6) Declares that on or after July 1, 2025, it is unlawful to enter into a contract creating a medical debt that does not include the following term: “A holder of this medical debt contract is prohibited by Section 1785.27 of the Civil Code (CIV) from furnishing any information related to this debt to a consumer credit reporting agency. In addition to any other penalties allowed by law, if a person knowingly violates that section by furnishing information regarding this debt to a consumer credit reporting agency, the debt shall be void and unenforceable.”

- 7) Deems a contract entered into on or after July 1, 2025, that does not include the term described in 6) above as void and unenforceable.
- 8) Deems a violation of this bill by a person holding a license or permit issued by the state to be a violation of the law governing that license or permit.
- 9) Prohibits a noncontracting ground ambulance provider (or a ground ambulance provider of an uninsured patient or self-pay patient), or an entity acting on its behalf, including a debt buyer or assignee of the debt, from reporting adverse information to a CRA.
- 10) Prohibits a noncontracting individual health professional, or any entity acting on their behalf, including any assignee of the debt, from reporting adverse information to a CRA.
- 11) Prohibits a hospital, any assignee of the hospital, or other owner of the patient debt, including a collection agency or debt buyer, from doing either of the following:
  - a) Reporting adverse information to a CRA; or,
  - b) Commencing civil action against the patient for nonpayment before 180 days after initial billing has elapsed.
- 12) Requires a hospital to maintain all records relating to money owed to the hospital by a patient or a patient's guarantor for five years, including, but not limited to, the following:
  - a) Documents related to litigation filed by or on behalf of the hospital or any subsequent holder of the debt, including, but not limited to, a debt buyer;
  - b) A contract by which a hospital assigns or sells medical debt to a third party; and,
  - c) A list, updated at least annually, of every person, including the person's name and contact information, that meets at least one of the following criteria:
    - i) The person is a debt collector to whom the hospital sold or assigned a debt that a patient of the hospital owed the hospital; or,
    - ii) The person is retained by the hospital to pursue litigation for debts owed by patients on behalf of the hospital.

**EXISTING LAW:**

- 1) Establishes the Consumer Credit Reporting Agencies Act (CCRA). The Act defines "consumer credit report" as any written, oral, or other communication of any information by a consumer credit reporting agency bearing on a consumer's credit worthiness, credit standing, or credit capacity, which is used or is expected to be used, or collected in whole or in part, for the purpose of serving as a factor in establishing the consumer's eligibility for specified purpose. (Civil Code Section 1785.3.)
- 2) Prohibits CRAs from making any consumer credit report containing specified items of information, including:

- a) Bankruptcies that, from the date of the order for relief, antedate the report by more than 10 years.
- b) Suits and judgments that, from the date of entry or renewal, antedate the report by more than seven years or until the governing statute of limitations has expired, whichever is the longer period.
- c) Paid tax liens that, from the date of payment, antedate the report by more than seven years.
- d) Accounts placed for collection or charged to profit and loss that antedate the report by more than seven years.
- e) Records of arrest, indictment, information, misdemeanor complaint, or conviction of a crime that, from the date of disposition, release, or parole, antedate the report by more than seven years. These items of information shall no longer be reported if at any time it is learned that in the case of a conviction a full pardon has been granted, or in the case of an arrest, indictment, information, or misdemeanor complaint a conviction did not result.
- f) Any other adverse information that antedates the report by more than seven years. (Civ. Code § 1785.13.)

**FISCAL EFFECT:** Unknown. This bill is keyed Fiscal by Legislative Counsel.

**COMMENTS:**

1) Purpose.

According to the author:

Removing medical debt from consumer credit reports will improve the lives of millions of Californians dealing with purported past-due medical expenses. Medical debt differs from other categories of consumer debt in several ways. First, medical debt is often non-discretionary – consumers have limited or no choice in the nature and timing of medical services they require to support their health and well-being. Second, the amounts of medical debt reported to credit bureaus contain inaccuracies at significantly higher rates than other forms of consumer debt, often driven by mistakes in billings, reimbursements, or insurance disputes. And, third, medical debt is less predictive of a consumer’s willingness and ability to pay future credit obligations than other forms of consumer debt. We also know that medical debt disproportionately affects low-income consumers, Black and Latino communities, and young people, all of whom already face structural barriers to achieving financial well-being.

This bill will not relieve many burdens associated with medical debt. The bill does not forgive debts, nor does it restrict collection practices related to medical debt. But the bill will help to lift the credit scores of people who have been inaccurately and unfairly saddled with medical debts on their credit reports, opening opportunities for access to healthier financial products, better housing,

and more employment opportunities. Without a robust health care system that covers necessary and often lifesaving medical expenses in a timely, accurate and comprehensive manner, medical debt should not be included on consumer credit reports

2) Background: How consumer credit reporting is regulated

Consumer credit reporting is regulated at both the federal and state level. The Federal Credit Reporting Act (FCRA) was enacted in 1970 to “ensure fair and accurate credit reporting, promote efficiency in the banking system, and protect consumer privacy.” FCRA establishes how credit reports can be used and establishes limits for what kind of information can be included in a credit report. At the state level, the CCRA, enacted in 1975, regulates CRAs to ensure the agencies “exercise their grave responsibilities with fairness, impartiality, and a respect for the consumer’s right to privacy.”

FCRA partially preempts California state law. The 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act amended FCRA to create new requirements on CRAs while constraining states’ ability to legislate on certain topics covered by federal law. Specifically, FCRA now preempts specific categories of state laws, while those not inconsistent with FCRA generally are not preempted.

Relevant to this bill, a 2022 interpretive rule issued by the Consumer Financial Protection Bureau (CFPB) delineates what is preempted by FCRA and what is not. The CFPB guidance authorizes states to pursue legislation on certain topics, such as the inclusion of information in credit reports:

States therefore retain substantial flexibility to pass laws involving consumer reporting to reflect emerging problems affecting their local economies and citizens. For example, if a State law were to forbid consumer reporting agencies from including information about medical debt, evictions, arrest records, or rental arrears in a consumer report (or from including such information for a certain period of time), such a law would generally not be preempted. Likewise, if a State law were to prohibit furnishers from furnishing such information to consumer reporting agencies, such a law would also not generally be preempted.

3) Background: Medical debt and credit scores

*Comment #3 is from the Assembly Judiciary Committee’s SB 1061 committee analysis:*

Medical debt makes up a significant portion of debt owed by U.S. consumers. According to the 2024 California Health Care Foundation Survey, medical debt is a significant driver of bankruptcy, poverty, and racial inequities. According to a 2021 investigation by National Public Radio, more than 100 million people in the United States, including 41 percent of adults, are burdened by medical debt.<sup>1</sup>

While it sometimes is argued that consumer debt is discretionary because of credit card spending (although many such charges are for necessities of life, such as clothing and food),

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<sup>1</sup> <https://kffhealthnews.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>.

one type of consumer debt—medical debt—almost always is involuntary and unexpected. No one chooses to need ambulance transportation to a hospital because of a heart attack, for example. Consumers are rarely informed of the costs of medical treatment in advance, and because of price opacity and the urgent need for care, consumers have limited to no ability to engage in price comparison.

- Prone to inaccuracies. Due to the complexity of medical billing, information about medical debt is often riddled with inaccuracies and errors. Third-party reimbursement processes, and debt collectors’ practices for furnishing information on consumers’ debts to consumer reporting agencies, can contribute to the prevalence of errors and consumer confusion about their medical bills.

According to a 2022 survey by the Kaiser Family Foundation, 43 percent of all adults and 53 percent of adults with medical debt in a nationally representative survey believed they had received a medical or dental bill that included an error.<sup>2</sup> Because of the importance of credit scores, medical debt can be used as leverage by debt collectors to coerce consumers to pay medical bills they may not owe.<sup>3</sup>

- Poor proxy for creditworthiness. Information about medical debt is used in different ways in the financial system. Consumer reporting agencies play a key role in assembling and evaluating consumer credit and other information on consumers—including information about a consumer’s medical debt—and in providing consumer reports to other companies for employment, housing, insurance, and other decisions. Medical debt information on a consumer report can increase the cost and reduce the availability of credit, and can even reduce access to employment and housing.<sup>4</sup>

But research suggests that medical debt, as opposed to general consumer debt, has limited predictive value for credit underwriting purposes.<sup>5</sup>

The industry seemingly agrees: consumer reporting agencies have removed certain medical debts from consumer reports. And major credit scoring companies have accorded less weight to, or excluded entirely, medical debt information in their newer models. For example the CEO of VantageScore was quoted as saying that having medical debt is not necessarily reflective of a consumer’s ability to pay back a loan.<sup>6</sup> Similarly, some creditors have adjusted how their underwriting standards treat medical debt information.

#### 4) CFPB’s proposed rule.

On June 11, 2024, the CFPB proposed a new rule that would ban medical bills from most credit reports. The CFPB defines “medical debt” as “medical information that pertains to a debt owed by a consumer to a person whose primary business is providing medical services,

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<sup>2</sup> <https://www.kff.org/policy-watch/could-consumer-assistance-be-helpful-to-people-facing-medical-debt/>

<sup>3</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_fdcpa-annual-report\\_2023-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fdcpa-annual-report_2023-11.pdf)

<sup>4</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-credit-removal-medical-collections-from-credit-reports\\_2023-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-removal-medical-collections-from-credit-reports_2023-04.pdf).

<sup>5</sup> See Kenneth P. Brevoort & Michelle Kambara, Data Point: Medical Debt and Credit Scores, Consumer Fin. Prot. Bureau (May 2014.)

<sup>6</sup> <https://www.fico.com/blogs/impact-medical-debt-ficor-scores>

products, or devices, or to such person's agent or assignee, for the provision of such medical services, products, or devices.”

Under CFPB's proposed rule, a creditor would not be able to obtain or use medical information related to debts, expenses, assets, or collateral, in connection with a credit eligibility determination, unless there's a specific exemption. And a consumer reporting agency generally would be prohibited from furnishing to a creditor a consumer report containing medical debt information in connection with a credit eligibility determination.

#### 5) What does SB 1061 do?

SB 1061 enacts protections for consumers with medical debt through three core protections:

- Prohibiting anyone from furnishing medical debt to a CRA.
- Prohibiting a CRA from reporting medical debt.
- Prohibiting anyone from relying on medical debt in making a credit determination.

This bill defines medical debt as “a debt related to, in whole or in part, a transaction, account, or balance arising from a medical service, product, or device,” and contains exemption for general purpose credit cards and debt secured by real property, though there are exemptions to these exemptions in an attempt to capture certain credit card or secured loan products meant for medical expenses. This bill's definition is explored in greater detail in Comments #6 and #7 because it remains the primary source of opposition to the bill.

In addition to the enforcement options allowed under CCRA, SB 1061 specifies that a medical debt is void and unenforceable if a person knowingly violates the bill's provisions by furnishing medical debt information to a CRA, and deems a violation of this bill by a person holding a license or permit issued by the state to be a violation of the law governing that license or permit.

SB 1061 also contains provisions outside the scope of this committee's jurisdiction, such as data retention requirements for hospitals.

#### 6) Third-party medical financial services

SB 1061 treats specialized credit cards and personal loans designed to pay for medical services the same as more traditional forms of medical debt. The author's office points to a May 2023 CFPB report as a justification for including any debt incurred from these products in SB 1061's definition of “medical debt.” In its report, CFPB contends that these products are being rolled out as a replacement for payment plans offered by medical providers. CFPB writes:

Financial companies market these products to healthcare providers, who are encouraged to promote them to patients. These medical credit cards and installment loans have largely replaced the low- or no-cost informal payment plans offered to patients directly by their medical providers. The growing promotion and use of medical cards and installment loans can increase the

financial burden on patients who may pay more than they otherwise would pay and may compromise medical outcomes.

The CFPB also goes into detail into how these products can work and the ways they can cause consumer harm:

- Medical credit cards are specialized credit cards designed or marketed to cover the costs of medical services or procedures, including preventive and emergency care. These cards, which include Synchrony’s Care Credit and Comenity’s Alphaeon Credit Card, sometimes restrict charges to providers in their network and often include “deferred interest” promotions that allow zero or low interest for a set period of time. The use of medical credit cards has grown significantly in recent years: Between 2013 and 2023, the number of CareCredit cardholders increased from 4.4 million to 11.7 million.

The CFPB is not shy about its distrust of medical credit cards. The agency writes that “many patients—specifically those who are unable to pay off a deferred interest product during the promotional period—can pay significantly more than they would otherwise pay. Many people who sign up for medical financing in doctor’s offices and hospitals may otherwise be eligible to receive financial assistance or charity care that medical providers may offer or otherwise be required to offer under federal, state, or local law.”

However, some medical credit cards allow a user to purchase non-medical items from an approved provider. For example, Walgreens Pharmacy is an approved provider for CareCredit, so a consumer with a CareCredit card can use the card to purchase a prescription medication and other non-medical items available at Walgreens. CareCredit cannot distinguish between medical and non-medical items within a transaction and may not know which transactions would be considered medical debt under SB 1061, complicating implementation of this bill.

- Medical installment loans are unsecured loans offered before a treatment that is authorized to be used only to pay for that treatment. These installment loans have been increasingly common and CFPB reports they have started to replace payment plans offered by medical providers.

Medical loans are often originated in partnership with health care providers and vary in many ways. Some medical loans target patients with low credit scores, whereas others are specific to certain types of procedures, such as fertility treatments. In some cases, the provider is paid by the lender up front, whereas in other cases the lender pays the provider over time as customer payments come in.

#### 7) How should “medical debt” be defined?

Opponents argue that SB 1061’s definition of “medical debt” is overly expansive and should instead be defined as debt directly owed to a health care provider or a medical facility. The rationale for this requested change is that it would better reflect debt taken on in the kinds of emergency situations that justify removing medical debt from credit reports. Opponents also point to statements from CFPB and the Department of Financial Protection and Innovation arguing that medical debt should be thought of as a debt owed directly to a medical provider that the consumer did not plan to take on.

In considering this request, the committee may wish to consider the following issues:

- Compliance challenges

One advantage of narrowing this bill's definition of "medical debt" to debt owed to providers or facilities is that the simplicity of a narrower definition would make compliance more straightforward. Opponents argue that SB 1061's broad definition would pose significant compliance challenges and legal uncertainty for lenders offering "general purpose" loan products such as unsecured loans or lines of credit. These products, which are not explicitly intended for medical expenses, in theory, could be covered by this bill if the lender knows a consumer used them to purchase medical services or products. Amendments described in Comment #10 would help address this problem.

Compliance will also be challenging for specialized medical financial products like CareCredit, which may be used to purchase of non-medical products from approved providers. It remains unclear how a furnisher like CareCredit would know which purchases are medical and which are not, and SB 1061 could result in a range of possible outcomes, such as widespread furnishing errors, a retooling or narrowing of the product, or the product's removal from the California market altogether. Committee staff received mixed and contradictory feedback on how medical credit card companies would respond to this bill.

- Impact on the consumer

One disadvantage of narrowing SB 1061's definition, as requested by the opposition, is that genuine medical debt would still be reported to the CRAs, which directly undermines the goal of this bill. A debt that is owed directly to a health provider or facility can just as easily be owed to a medical credit card company or a specialized lender, and there is no practical difference from the consumer's perspective. For example: A patient who receives a procedure is presented with two options: receive a bill from the provider or pay for the procedure upfront using a medical personal loan. The consumer might not see a difference between these two options, but a narrow definition of medical debt would mean the consumer's choice could have a significant impact on their future credit. If the patient falls behind on payments, it is unfair that the late payments can harm the patient's credit in one situation (medical loan) but not the other (provider payment plan).

Moreover, adopting the proposed narrower definition could further push patients toward alternative financial products. Medical providers may believe that the lack of credit reporting could hinder their ability to collect directly from a patient and respond by connecting their patients to medical credit cards or medical personal loans. These products may result in higher costs for the consumer, a worse outcome overall.

Notably, the author has already exempted general purpose credit cards in recognition of the practical challenge of applying SB 1061 to financial products with unrestricted use. This exemption is significant because many people pay for medical care with a regular credit card. According to the Urban Institute, roughly 24% of adults with past-due medical bills reported paying some of those bills on credit cards and being unable to



make subsequent minimum credit card payments.<sup>7</sup> Further narrowing the bill's scope would continue to erode its efficacy as a consumer protection measure.

- Other states have different definitions of “medical debt.”

Six other states have passed laws limiting medical debt reporting to CRAs, and they have defined “medical debt” differently. While the opposition argues there is a shared understanding of what should constitute “medical debt,” there is no uniform definition across the states for California to adopt.

As an example, Illinois defines medical debt as a debt arising from the receipt of health care services, products, or devices, similar to SB 1061. But unlike SB 1061, the exemption for credit card debt is defined more broadly and may exclude debt accrued via medical credit card products. Alternatively, Maine defines medical debt as debt incurred primarily for medically necessary health treatment or services, which is a definition that is both narrower and more subjective. Meanwhile, New York defines medical debt as an obligation to pay any amount related to the receipt of health care services, products, or devices provided by a hospital, health care professional, or ambulance service. It is unclear if these definitions are any clearer for furnishers and CRAs than what is being proposed under SB 1061.

For its part, the CFPB does not appear bothered by different state definitions. The CFPB has clearly communicated over the last year that states should pursue medical debt-related legislation as they wish. CFPB's rule states the agency “intends for the proposed intervention to operate alongside Federal and State-level efforts to increase consumer protections around medical debt consumer reporting.”<sup>8</sup>

We do not yet know how the laws in other states will fare in terms of compliance and consumer protections. At this point, there is no rigorously tested example for California to follow. Thus, the Legislature must make its own determination as to what the appropriate scope for medical debt credit reporting should be.

## 8) Support

A coalition that includes co-sponsors California Low-income Consumer Coalition, the National Consumer Law Center, Health Access California, the Consumer Federation of California, and CalPIRG write the following:

Medical debt information on credit reports wreaks havoc on the financial lives of millions of Californians. These blemishes on a credit report (which employers and landlords as well as creditors may see) and the resulting lower credit scores can compromise a family's long-term financial stability by blocking access to mainstream credit, housing, and even employment. The fear of medical debt harming their credit scores also creates a barrier to Californians seeking the health care they need, causes people to skip or postpone needed care, and leads to worse health outcomes.

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<sup>7</sup> <https://www.urban.org/research/publication/how-many-adults-have-past-due-medical-bills-credit-cards>

<sup>8</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-med-debt-proposed-rule\\_2024-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-med-debt-proposed-rule_2024-06.pdf)

The California Department of Justice, also a co-sponsor, writes in support:

Despite evidence that it is not an adequate indicator of financial risk, medical debt can sink a patient's credit rating, leaving them unable to purchase a car, rent an apartment, or make other purchases as they heal and rebuild. People with medical debt are more likely to say the debt has caused them to be turned down for a rental or a mortgage than people with student loans or credit card debt. This increases their risk of homelessness or being forced to live in substandard housing. Medical debt can also create barriers to finding employment, as employers often use credit reports as a basis for hiring decisions. Challenges to finding work make it even more difficult to pay off medical debt, creating a dangerous feedback loop.

9) Opposition

A coalition of organizations that represent lenders, including the California Mortgage Bankers Association, Card Coalition, and the California Bankers Association, oppose SB 1061 unless amended to narrow the definition of "medical debt" to debt owed directly to medical providers and medical facilities, as described in Comment #7. The coalition letter argues:

According to both the CFPB and the California DFPI, it is those emergency debts that are less indicative of a consumer's creditworthiness and therefore should not be reported to a credit reporting agency. By including other lending products, like credit card products and secured debts – which are financial products and services that a consumer proactively opts into during non-emergency scenarios and which are more indicative of a consumer's creditworthiness and ability to repay future debts – SB 1061 is a drastic departure from the CFPB's and DFPI's studies and statements on the topic as well as the proponent's stated reasons for the measure: that medical debts should not be reported to credit reporting agencies because they are less likely to indicate an individual's ability to pay future debts due to the unique and complex nature of medical billing, insurance coverage, and emergency scenarios.

The California Association of Collectors (CAC) and the Receivables Management Association International (RMAI) also write in opposition, arguing:

While the bill exempts general purpose credit cards from SB 1061's ban on the credit reporting of medical debt, the definition of medical debt is so broadly written that it runs the risk of reclassifying other loan products, including home equity loans, lines of credit and refinancing loans, as medical debt based on consumer action.

CAC and RMAI also express concern about provisions in SB 1061 that would void any medical debt that is reported to the CRAs. They write:

This is a major concern which is only magnified by the potential for this bill to reclassify other loan products as medical debt. The solution should not be a punitive penalty stemming from administrative errors or by the lack of knowledge that a loan product was reclassified as medical debt by consumer action, but rather

simply requiring that the reporting of the subject debt be removed from the consumer's credit report. The voiding of debt is a tremendous overreach and would amount to an improper taking.

#### 10) Amendments.

The committee recommends the below amendments to clarify the scope of SB 1061's protections and to provide greater clarity to industry stakeholders.

- Fully exempt from the definition of "medical debt" a loan secured by real property, debt charged to a general purpose line of credit, and a general purpose unsecured installment loan. These amendments are intended to address compliance challenges while keeping products like unsecured medical loans, described in Comment #6, within the scope of this bill. Specifically, amend Section 1785.3 (j)(1) as follows:

(2) "Medical debt" does not include any of the following:

(A) Debt charged to a credit card unless either of the following:

(i) The credit card is issued under an open-end or closed-end plan offered specifically for the payment of medical services, products, or devices.

(ii) The credit card allows for deferred interest purchases of a medical service, product, or device.

(B) A loan secured by real property, ~~unless either of the following:~~

~~(i) The lender marketed the loan as being for the purpose of paying for a medical service, product, or device.~~

~~(ii) At the time the loan was made, the lender had actual knowledge that the borrower intended to use the proceeds of the loan to pay for a medical service, product, or device.~~

(C) Debt charged to a general purpose line of credit.

(D) A general purpose unsecured installment loan.

- In light of the more simplified exemption for loans secured by real property, delete Civ. Code Section 1785.27(e) as follows:

~~(e) Subdivisions (b) and (c) do not apply to a debt secured by real property.~~

- Incorporate amendments agreed to in Assembly Health Committee by amending Health and Safety Code Section 127425 (j)(1) as follows:

(j) (1) A hospital shall maintain all records relating to money owed to the hospital by a patient or a patient's guarantor for five years, including, but not limited to, all of the following:

(A) Documents related to litigation filed by ~~or on behalf of the hospital or any subsequent holder of the debt, including, but not limited to, a debt buyer.~~

(B) A contract and significant related records by which a hospital assigns or sells medical debt to a third party.

(C) A list, updated at least annually, of every person, including the person's name and contact information, that meets at least one of the following criteria:

(i) The person is a debt collector to whom the hospital sold or assigned a debt that a patient of the hospital owed the hospital.

(ii) The person is retained by the hospital to pursue litigation for debts owed by patients on behalf of the hospital.

(2) Any contract entered into by a hospital related to the assignment or sale of medical debt shall require the assignee or buyer and any subsequent assignee or buyer to maintain records related to litigation for five years.

~~(23)~~ For purposes of this subdivision, "debt collector" and "person" have the same meanings as defined in Section 1788.2 of the Civil Code.

(k) This section does not diminish or eliminate any protections consumers have under existing federal and state debt collection laws, or any other consumer protections available under state or federal law. If the patient fails to make all consecutive payments for 90 days and fails to renegotiate a payment plan, this subdivision does not limit or alter the obligation of the patient to make payments on the obligation owing to the hospital pursuant to any contract or applicable statute from the date that the extended payment plan is declared no longer operative, as set forth in subdivision (i).

- Add the following amendment to Civ Code Section 1788.14(e)

(e) Collecting consumer debt that originated with a hospital licensed pursuant to subdivision (a) of Section 1250 of the Health and Safety Code without including in the first written communication to the debtor a copy of the notice required pursuant to subdivision (e) of Section 127425 of the Health and Safety Code and a statement that the debt collector will wait at least 180 days from the date the debtor was initially billed for the hospital services that are the basis of the debt before ~~reporting adverse information to a credit reporting agency or~~ filing a lawsuit against the debtor.

## REGISTERED SUPPORT / OPPOSITION:

### Support

Asian Resources, INC (Co-Sponsor)  
 California Department of Justice (Co-Sponsor)  
 California Low-income Consumer Coalition (Co-Sponsor)  
 California Nurses Association (Co-Sponsor)  
 California Pan-ethnic Health Network (Co-Sponsor)

CALPIRG (Co-Sponsor)  
Cameo - California Association for Micro Enterprise Opportunity (Co-Sponsor)  
Consumer Federation of California (Co-Sponsor)  
Courage California (Co-Sponsor)  
East Bay Community Law Center (Co-Sponsor)  
Friends Committee on Legislation of California (Co-Sponsor)  
Health Access California (Co-Sponsor)  
National Consumer Law Center, INC. (Co-Sponsor)  
National Multiple Sclerosis Society (Co-Sponsor)  
Nextgen California (Co-Sponsor)  
Public Law Center (Co-Sponsor)  
Rising Communities (Co-Sponsor)  
Small Business Majority (Co-Sponsor)  
American Federation of State, County and Municipal Employees, AFL-CIO  
California Labor Federation, AFL-CIO  
California State Council of Service Employees International Union (SEIU California)  
County of Los Angeles Board of Supervisors  
County of Santa Clara  
Elderly Care Everywhere  
Los Angeles County Department of Public Health  
The Leukemia & Lymphoma Society  
Western Center on Law & Poverty, INC.

**Oppose**

California Association of Collectors, INC  
Receivables Management Association International

**Oppose Unless Amended**

American Financial Services Association  
California Bankers Association  
California Chamber of Commerce  
California Financial Services Association  
California Mortgage Association  
California Mortgage Bankers Association  
Card Coalition  
Electronic Transactions Association

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