

AN ACT concerning collection practices.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 1. Short title. This Act may be cited as the Fair Patient Billing Act.

Section 5. Purpose; findings.

(a) The purpose of this Act is to advance the prompt and accurate payment of health care services through fair and reasonable billing and collection practices of hospitals.

(b) The General Assembly finds that:

(1) Medical debts are the cause of an increasing number of bankruptcies in Illinois and are typically associated with severe financial hardship incurred by bankrupt persons and their families.

(2) Patients, hospitals, and government bodies alike will benefit from clearly articulated standards regarding fair billing and collection practices for all Illinois hospitals.

(3) Hospitals should employ responsible standards when collecting debt from their patients.

(4) Patients should be provided sufficient billing information from hospitals to determine the accuracy of the bills for which they may be financially responsible.

(5) Patients should be given a fair and reasonable opportunity to discuss and assess the accuracy of their bill.

(6) Patients should be provided information regarding the hospital's policies regarding financial assistance options the hospital may offer to qualified patients.

(7) Hospitals should offer patients the opportunity to enter into a reasonable payment plan for their hospital care.

(8) Patients have an obligation to pay for the hospital services they receive.

Section 10. Definitions. As used in this Act:

"Collection action" means any referral of a bill to a collection agency or law firm to collect payment for services from a patient or a patient's guarantor for hospital services.

"Health care plan" means a health insurance company, health maintenance organization, preferred provider arrangement, or third party administrator authorized in this State to issue policies or subscriber contracts or administer those policies and contracts that reimburse for inpatient and outpatient services provided in a hospital. Health care plan, however, does not include any government-funded program such as Medicare or Medicaid, workers' compensation, and accident liability insurers.

"Insured patient" means a patient who is insured by a health care plan.

"Patient" means the individual receiving services from the hospital and any individual who is the guarantor of the payment for such services.

"Reasonable payment plan" means a plan to pay a hospital bill that is offered to the patient or the patient's legal representative and takes into account the patient's available income and assets, the amount owed, and any prior payments.

"Uninsured patient" means a patient who is not insured by a health care plan and is not a beneficiary under a government-funded program, workers' compensation, or accident liability insurance.

Section 15. Patient notification.

(a) Each hospital shall post a sign with the following notice:

"You may be eligible for financial assistance under the terms and conditions the hospital offers to qualified patients. For more information contact [hospital financial

assistance representative]".

(b) The sign under subsection (a) shall be posted conspicuously in the admission and registration areas of the hospital.

(c) The sign shall be in English, and in any other language that is the primary language of at least 5% of the patients served by the hospital annually.

(d) Each hospital that has a website must post a notice in a prominent place on its website that financial assistance is available at the hospital, a description of the financial assistance application process, and a copy of the financial assistance application.

(e) Each hospital must make available information regarding financial assistance from the hospital in the form of either a brochure, an application for financial assistance, or other written material in the hospital admission or registration area.

Section 20. Bill information. If a hospital bills a patient for health care services, the hospital shall provide with its bill the following information:

(1) the date or dates that health care services were provided to the patient;

(2) a brief description of the hospital services;

(3) the amount owed for hospital services;

(4) hospital contact information for addressing billing inquiries;

(5) a statement regarding how an uninsured patient may apply for consideration under the hospital's financial assistance policy on or with each hospital bill sent to an uninsured patient; and

(6) notice that the patient may obtain an itemized bill upon request.

If a hospital bills a patient, then the hospital must provide an itemized statement of charges for the inpatient and outpatient services rendered by the hospital upon receiving a

request from the patient.

Section 25. Bill inquiries.

(a) A hospital must implement a process for patients to inquire about or dispute a bill. Such process must include a telephone number for billing inquiries and disputes and may include any of the following options:

- (1) a toll-free telephone number that the patient may call;
- (2) an address to which he or she may write;
- (3) a department or identified individual within the hospital he or she may call or write, with appropriate contact information; or
- (4) a website or e-mail address.

(b) All hospital bills and collection notices must provide a telephone number allowing the patient to inquire about or dispute a bill.

(c) The hospital must return calls made by patients as promptly as possible, but no later than 2 business days after the call is made. If the hospital's billing inquiry process involves correspondence from the patient, the hospital must respond within 10 business days of receipt of the patient correspondence. For purposes of this Section, "business day" means a day on which the hospital's billing office is open for regular business.

Section 30. Pursuing collection action.

(a) Hospitals and their agents may pursue collection action against an uninsured patient only if the following conditions are met:

- (1) The hospital has given the uninsured patient the opportunity to:
 - (A) assess the accuracy of the bill;
 - (B) apply for financial assistance under the hospital's financial assistance policy; and
 - (C) avail themselves of a reasonable payment plan.

(2) If the uninsured patient has indicated an inability to pay the full amount of the debt in one payment, the hospital has offered the patient a reasonable payment plan. The hospital may require the uninsured patient to provide reasonable verification of his or her inability to pay the full amount of the debt in one payment.

(3) To the extent the hospital provides financial assistance and the circumstances of the uninsured patient suggest the potential for eligibility for charity care, the uninsured patient has been given at least 60 days following the date of discharge or receipt of outpatient care to submit an application for financial assistance.

(4) If the uninsured patient has agreed to a reasonable payment plan with the hospital, and the patient has failed to make payments in accordance with that reasonable payment plan.

(5) If the uninsured patient informs the hospital that he or she has applied for health care coverage under Medicaid, Kidcare, or other government-sponsored health care program (and there is a reasonable basis to believe that the patient will qualify for such program) but the patient's application is denied.

(b) A hospital may not refer a bill, or portion thereof, to a collection agency or attorney for collection action against the insured patient, without first offering the patient the opportunity to request a reasonable payment plan for the amount personally owed by the patient. Such an opportunity shall be made available for the 30 days following the date of the initial bill. If the insured patient requests a reasonable payment plan, but fails to agree to a plan within 30 days of the request, the hospital may proceed with collection action against the patient.

(c) No collection agency, law firm, or individual may initiate legal action for non-payment of a hospital bill against a patient without the written approval of an authorized hospital employee who reasonably believes that the conditions

for pursuing collection action under this Section have been met.

(d) Nothing in this Section prohibits a hospital from engaging an outside third party agency, firm, or individual to manage the process of implementing the hospital's financial assistance and reasonable payment plan programs and policies so long as such agency, firm, or individual is contractually bound to comply with the terms of this Act.

Section 35. Collection limitations. The hospital shall not pursue legal action for non-payment of a hospital bill against uninsured patients who have clearly demonstrated that they have neither sufficient income nor assets to meet their financial obligations provided the patient has complied with Section 45 of this Act.

Section 40. Hospital agents. The hospital must ensure that any external collection agency, law firm, or individual engaged by the hospital to obtain payment of outstanding bills for hospital services agrees in writing to comply with the collections provisions of this Act.

Section 45. Patient responsibilities.

(a) To receive the protection and benefits of this Act, a patient responsible for paying a hospital bill must act reasonably and cooperate in good faith with the hospital by providing the hospital with all of the reasonably requested financial and other relevant information and documentation needed to determine the patient's eligibility under the hospital's financial assistance policy and reasonable payment plan options to qualified patients within 30 days of a request for such information.

(b) To receive the protection and benefits of this Act, a patient responsible for paying a hospital bill shall communicate to the hospital any material change in the patient's financial situation that may affect the patient's

ability to abide by the provisions of an agreed upon reasonable payment plan or qualification for financial assistance within 30 days of the change.

Section 50. Notification concerning out-of-network providers. During the admission or as soon as practicable thereafter, the hospital must provide an insured patient with written notice that:

(1) the patient may receive separate bills for services provided by health care professionals affiliated with the hospital;

(2) if applicable, some hospital staff members may not be participating providers in the same insurance plans and networks as the hospital;

(3) if applicable, the patient may have a greater financial responsibility for services provided by health care professionals at the hospital who are not under contract with the patient's health care plan; and

(4) questions about coverage or benefit levels should be directed to the patient's health care plan and the patient's certificate of coverage.

Section 55. Enforcement.

(a) The Attorney General is responsible for administering and ensuring compliance with this Act, including the development of any rules necessary for the implementation and enforcement of this Act.

(b) The Attorney General shall develop and implement a process for receiving and handling complaints from individuals or hospitals regarding possible violations of this Act.

(c) The Attorney General may conduct any investigation deemed necessary regarding possible violations of this Act by any hospital including, without limitation, the issuance of subpoenas to: (i) require the hospital to file a statement or report or answer interrogatories in writing as to all information relevant to the alleged violations; (ii) examine

under oath any person who possesses knowledge or information directly related to the alleged violations; and (iii) examine any record, book, document, account, or paper necessary to investigate the alleged violation.

(d) If the Attorney General determines that there is a reason to believe that any hospital has violated the Act, the Attorney General may bring an action in the name of the People of the State against the hospital to obtain temporary, preliminary, or permanent injunctive relief for any act, policy, or practice by the hospital that violates this Act. Before bringing such an action, the Attorney General may permit the hospital to submit a Correction Plan for the Attorney General's approval.

(e) This Section applies if:

(i) a court orders a party to make payments to the Attorney General and the payments are to be used for the operations of the Office of the Attorney General; or

(ii) a party agrees in a Correction Plan under this Act, to make payments to the Attorney General for the operations of the Office of the Attorney General.

(f) Moneys paid under any of the conditions described in (e) shall be deposited into the Attorney General court ordered and Voluntary Compliance Payment Projects Fund. Moneys in the Fund shall be used, subject to appropriation, for the performance of any function pertaining to the exercise of the duties to the Attorney General including, but not limited to, enforcement of any law of this State and conducting public education programs; however, any moneys in the Fund that are required by the court to be used for a particular purpose shall be used for that purpose.

(g) The Attorney General may seek the assessment of one or more of the following civil monetary penalties in any action filed under this Act where the hospital knowingly violates the Act:

(1) For violations, involving a pattern or practice, of not providing the information to patients under Sections

15, 20, 25, and 50, the civil monetary penalty shall not exceed \$500 per violation.

(2) For violations involving the failure to engage in or refrain from certain activities under Sections 30, 35 and 40, the civil monetary penalty shall not exceed \$1000 per violation.

(h) In the event a court grants a final order of relief against any hospital for a violation of this Act, the Attorney General may, after all appeal rights have been exhausted, refer the hospital to the Illinois Department of Public Health for possible adverse licensure action under the Hospital Licensing Act.

Section 60. Limitations. Nothing in this Act shall be used by any private or public payer as a basis for reducing the third-party payer's rates, policies, or usual and customary charges for any health care service. Nothing in this Act shall be construed as imposing an obligation on a hospital to provide any particular service or treatment to an uninsured patient. Nothing in this Act shall be construed as imposing an obligation on a hospital to file a lawsuit to collect payment on a patient's bill. This Act establishes new and additional legal obligations for all hospitals in the State of Illinois. Nothing in this Act shall be construed as relieving or reducing any hospital of any other obligation under the Illinois Constitution or under any other statute or the common law including, without limitation, obligations of hospitals to furnish financial assistance or community benefits. No provision of this Act shall derogate from the common law or statutory authority of the Attorney General, nor shall any provision be construed as a limitation on the common law or statutory authority of the Attorney General to investigate hospitals or initiate enforcement actions against them including, without limitation, the authority to investigate at any time charitable trusts for the purpose of determining and ascertaining whether they are being administered in accordance

with Illinois law and with the terms purposes thereof.

Section 70. Application.

(a) This Act applies to all hospitals licensed under the Hospital Licensing Act or the University of Illinois Hospital Act. This Act does not apply to a hospital that does not charge for its services.

(b) The obligations of hospitals under this Act shall take effect for services provided on or after the first day of the month that begins 180 days after the effective date of this Act.

Section 75. Home rule. A home rule unit may not regulate hospitals in a manner inconsistent with the provisions of this Act. This Section is a limitation under subsection (i) of Section 6 of the Article VII of the Illinois Constitution on the concurrent exercise by home rule units of powers and functions exercised by the State.

Section 80. Administrative Procedure Act. The Illinois Administrative Procedure Act applies to all rules promulgated by the Attorney General under the Act.

Section 999. Effective date. This Act takes effect January 1, 2007.