

ASSEMBLY BILL NO. 183—ASSEMBLYMAN OHRENSCHALL

PREFILED FEBRUARY 13, 2017

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing the collection of a hospital bill. (BDR 40-694)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to hospitals; limiting the amount that a hospital may collect or attempt to collect from a patient or other responsible party under certain circumstances; establishing provisions relating to statutory liens on a judgment or settlement; requiring a hospital to provide notice of intent to file such a lien in certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law limits the collection rights of a hospital if a patient is covered by a
2 policy of health insurance issued by a third party and the hospital has a contract
3 with that party. The hospital may not collect or attempt to collect its charges from
4 an insurer other than a health insurer, including an insurer that provides coverage
5 under a policy of casualty or property insurance. These limitations currently do not
6 apply to Medicaid, the Children’s Health Insurance Program or any other public
7 program which may pay all or part of the hospital bill. (NRS 449.758) **Section 2** of
8 this bill limits the amount that the hospital may collect or attempt to collect from
9 the patient or other responsible party to the amounts payable by or on behalf of the
10 patient under the policy. **Section 2** also deletes the specific reference to property
11 insurance.

12 **Section 2** additionally requires a hospital that collects or receives any payments
13 from an insurer that provides medical payment coverage under a policy of casualty
14 insurance to return to the patient any amount collected or received that is in excess
15 of the deductible, copayment or coinsurance payable by or on behalf of the patient
16 under the policy of health insurance not later than 30 days after a determination is
17 made concerning coverage.

18 Existing law provides that a hospital has statutory liens for any amount due to
19 the hospital for the reasonable value of the care rendered to an injured person. The
20 liens apply to any award of damages or settlement obtained by the injured person or
21 the personal representative of the injured person from a person responsible for the
22 injury causing the hospitalization or, in the case of a county or district hospital, any



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23 real property of the injured person or other responsible party. (NRS 108.590,
 24 108.662) Under **section 2.5** of this bill, if a hospital provides care to an injured
 25 person who has a policy of health insurance issued by a third party and the hospital
 26 has a contract with that party and wishes to be able to perfect a statutory lien on a
 27 judgment or settlement, the hospital is required to send a notice of intent to file a
 28 lien to certain persons not later than 90 days after the termination of the
 29 hospitalization of the injured person. Within 30 days after sending such a notice,
 30 **section 2.5** requires a hospital to proceed with any efforts to collect on any amount
 31 owed to the hospital in accordance with existing law. **Section 2.5** additionally
 32 provides that if a hospital provides notice of intent to file a lien, the hospital must
 33 be provided notice of any judgment, settlement or compromise.

34 **Section 3.7** of this bill makes conforming changes.

35 **Section 2.6** of this bill prohibits the hospital from receiving an amount more
 36 than 55 percent of the charges billed by the hospital if an injured person may be
 37 eligible for Medicaid, Medicare, the Children’s Health Insurance Program or any
 38 other public program which may pay all or part of the bill.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** (Deleted by amendment.)

2 **Sec. 2.** NRS 449.758 is hereby amended to read as follows:

3 449.758 1. Except as otherwise provided in subsection ~~2,~~ **3,**
 4 if a hospital provides hospital care to a person who has a policy of health
 5 health insurance issued by a third party that provides health
 6 coverage for care provided at that hospital and the hospital has a
 7 contractual agreement with the third party, the hospital ~~shall~~ :

8 *(a) Shall* proceed with any efforts to collect on any amount
 9 owed to the hospital for the hospital care in accordance with the
 10 provisions of NRS 449.757. ~~and shall~~

11 *(b) Shall not collect or attempt to collect from the patient or*
 12 *other responsible party more than the sum of the amounts of any*
 13 *deductible, copayment or coinsurance payable by or on behalf of*
 14 *the patient under the policy of health insurance.*

15 *(c) Shall* not collect or attempt to collect that amount from:

16 ~~(a)~~ *(1)* Any proceeds or potential proceeds of a civil action
 17 brought by or on behalf of the patient, including, without limitation,
 18 any amount awarded for medical expenses; or

19 ~~(b)~~ *(2)* An insurer other than ~~a health~~ *an* insurer ~~, including,~~
 20 ~~without limitation,~~ *that provides coverage under a policy of health*
 21 *insurance or* an insurer that provides coverage *for medical*
 22 *payments* under a policy of casualty ~~or property~~ insurance.

23 2. *If the hospital collects or receives any payments from an*
 24 *insurer that provides coverage for medical payments under a*
 25 *policy of casualty insurance, the hospital shall, not later than 30*
 26 *days after a determination is made concerning coverage, return to*
 27 *the patient any amount collected or received that is in excess of the*



1 *deductible, copayment or coinsurance payable by or on behalf of*
2 *the patient under the policy of health insurance.*

3 3. This section does not apply to:

4 (a) Amounts owed to the hospital *which are not covered* under
5 the policy of health insurance ~~{that are not collectible}~~; or

6 (b) Medicaid, *Medicare*, the Children's Health Insurance
7 Program or any other public program which may pay all or part of
8 the bill.

9 ~~{3-}~~ 4. This section does not limit any rights of a patient to
10 contest an attempt to collect an amount owed to a hospital,
11 including, without limitation, contesting a lien obtained by a
12 hospital.

13 ~~{4-}~~ 5. As used in this section, "third party" ~~{has the meaning~~
14 ~~ascribed to it in NRS 439B.260.}~~ means:

15 (a) *An insurer, as defined in NRS 679B.540;*

16 (b) *A health benefit plan, as defined in NRS 689A.540, for*
17 *employees which provides coverage for services and care at a*
18 *hospital;*

19 (c) *A participating public agency, as defined in NRS*
20 *287.04052, and any other local governmental agency of the State*
21 *of Nevada which provides a system of health insurance for the*
22 *benefit of its officers and employees, and the dependents of*
23 *officers and employees, pursuant to chapter 287 of NRS; or*

24 (d) *Any other insurer or organization providing health*
25 *coverage or benefits in accordance with state or federal law.*

26 **Sec. 2.1.** Chapter 108 of NRS is hereby amended by adding
27 thereto the provisions set forth as sections 2.3 to 2.9, inclusive, of
28 this act.

29 **Sec. 2.3.** *As used in NRS 108.590 to 108.660, inclusive, and*
30 *sections 2.3 to 2.9, inclusive, of this act, unless the context*
31 *otherwise requires, "third party" has the meaning ascribed to it in*
32 *subsection 5 of NRS 449.758.*

33 **Sec. 2.5.** 1. *If a hospital provides hospital care to an*
34 *injured person who has a policy of health insurance issued by a*
35 *third party that provides health coverage for care provided at the*
36 *hospital and the hospital has a contractual agreement with the*
37 *third party and wishes to be able to perfect a lien pursuant to NRS*
38 *108.610, the hospital shall, not later than 90 days after the*
39 *termination of hospitalization, send a notice of intent to file a lien*
40 *by registered or certified mail to:*

41 (a) *The insurance carrier, if known, which has insured against*
42 *liability of the person alleged to be responsible for causing the*
43 *injury and liable on account thereof and from which damages are*
44 *claimed and any legal representative of that person; and*



1 (b) *The injured person or personal representative of the*
2 *injured person, as applicable, and any legal representative of the*
3 *injured person or personal representative.*

4 2. *Within 30 days after sending a notice pursuant to*
5 *subsection 1, the hospital shall proceed with any efforts to collect*
6 *on any amount owed to the hospital for the hospital care in*
7 *accordance with the provisions of NRS 449.757.*

8 3. *If an injured person or the personal representative of an*
9 *injured person is awarded by judgment or obtains by a settlement*
10 *or compromise a sum of money after a notice of intent to file a lien*
11 *is received pursuant to this section:*

12 (a) *Any person receiving such notice shall provide written*
13 *notice to the hospital of the judgment, settlement or compromise;*
14 *and*

15 (b) *The insurance carrier and any attorney holding the money*
16 *in trust shall proceed as if the lien is perfected pursuant to NRS*
17 *108.610 unless the hospital fails to comply with subsection 2.*

18 4. *If the hospital fails to comply with subsection 2, the notice*
19 *of intent to file a lien shall be deemed void ab initio.*

20 5. *This section does not apply to Medicaid, Medicare, the*
21 *Children's Health Insurance Program or any other public*
22 *program which may pay all or part of the bill.*

23 **Sec. 2.6.** *If an injured person may be eligible for Medicaid,*
24 *Medicare, the Children's Health Insurance Program or any other*
25 *public program which may pay all or part of the bill, the hospital*
26 *shall not receive any amount pursuant to a lien asserted pursuant*
27 *to NRS 108.590 to 108.660, inclusive, and sections 2.3 to 2.9,*
28 *inclusive, of this act which is equal to more than 55 percent of the*
29 *charges billed by the hospital.*

30 **Sec. 2.7.** (Deleted by amendment.)

31 **Sec. 2.9.** (Deleted by amendment.)

32 **Sec. 3.** (Deleted by amendment.)

33 **Sec. 3.3.** NRS 108.600 is hereby amended to read as follows:

34 108.600 1. No rights or claims for liens under NRS 108.590
35 to 108.660, inclusive, *and sections 2.3 to 2.9, inclusive, of this act*
36 *shall be allowed for hospitalization rendered an injured person after*
37 *a settlement has been effected by or on behalf of the party causing*
38 *the injury.*

39 2. No lien shall apply or be allowed against any sum incurred
40 by the injured party for necessary attorney fees, costs and expenses
41 incurred by the injured party in securing a settlement, compromise
42 or recovering damages by an action at law.

43 **Sec. 3.7.** NRS 108.610 is hereby amended to read as follows:

44 108.610 In order to perfect ~~the~~ a lien ~~it~~ *provided by NRS*
45 *108.590, the hospital or the owner or operator thereof shall:*



1 ~~1.~~ *must comply with the provisions of section 2.5 of this act, if*
2 *applicable, and:*

3 1. Before the payment of any money to the injured person, *the*
4 *personal representative of the injured person* or to a legal
5 representative as compensation for injuries received, record a notice
6 of lien, substantially in the form prescribed in NRS 108.620,
7 containing an itemized statement of the amount claimed. The notice
8 of lien must be filed with:

9 (a) The county recorder of the county wherein the hospital is
10 located; and

11 (b) The county recorder of the county wherein the injury was
12 suffered, if the injury was suffered in a county other than that
13 wherein the hospital is located.

14 2. Before the date of judgment, settlement or compromise,
15 serve a certified copy of the notice of lien by registered or certified
16 mail upon the person alleged to be responsible for causing the injury
17 and liable for damages on account thereof and from which damages
18 are claimed.

19 3. Before the date of judgment, settlement or compromise,
20 serve a certified copy of the notice of lien by registered or certified
21 mail upon the insurance carrier, if known, which has insured against
22 liability of the person alleged to be responsible for causing the
23 injury and liable for damages on account thereof and from which
24 damages are claimed.

25 **Sec. 4.** (Deleted by amendment.)

26 **Sec. 4.5.** 1. The amendatory provisions of section 2.6 of this
27 act apply to a person who is admitted to a hospital on or after July 1,
28 2017.

29 2. The amendatory provisions of sections 2, 2.3, 2.5 and 2.7 to
30 4, inclusive, of this act apply to a person who is admitted to a
31 hospital on or after October 1, 2017.

32 **Sec. 5.** 1. This section and sections 2.1, 2.6 and 4.5 of this
33 act become effective on July 1, 2017.

34 2. Sections 1, 2, 2.3, 2.5 and 2.7 to 4, inclusive, of this act
35 become effective on October 1, 2017.

