

**PROPOSED REGULATION OF THE
COMMISSIONER OF FINANCIAL INSTITUTIONS**

LCB FILE NO. R055-211

**The following document is the initial draft regulation proposed
by the agency submitted on 10/09/2021**

**DRAFT PROPOSED REGULATION OF THE COMMISSIONER OF
THE FINANCIAL INSTITUTIONS DIVISION**

(Medical Debt Collection)

August 31, 2021

Purpose: To adopt regulations under the Nevada Administrative Code to implement Senate Bill No. 248 (2021), which amends Nevada Revised Statutes Chapter 649 by adding provisions related to medical debt collections.

Authority: NRS 649.053

Explanation: Material in *bold italics* is new; material in ~~bold brackets~~ is to be omitted.

Section 1. *Chapter 649 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 10, inclusive, of this regulation.*

Sec. 2. *NAC 649.010 Definitions. As used in this chapter, unless the context otherwise requires, the words and terms defined in NAC 649.013 to 649. ____, inclusive have the meanings ascribed to them in those sections and sections 2 through 6 of Senate Bill No. 248 and section 3 of this chapter.*

Sec. 3. *“Action to collect a medical debt” as provided in Section 7 of Senate Bill No. 248 means any attempt by a collection agency, or its manager, agents or employees to collect a medical debt from a medical debtor including, without limitation:*

- a. Placing telephone calls to a medical debtor.*
- b. Sending communication letters and notices to a medical debtor, other than the 60-day notice required pursuant to Senate Bill 248.*
- c. Contacting a medical debtor by any electronic means.*
- d. Reporting the medical debt to any credit reporting agency.*
- e. Demanding payment.*
- f. Commencing any civil action.*

2. The term does not include:

- a. Any action initiated by a medical debtor;*
- b. A collection agency, its manager, agents or employees that provide clarification to a medical debtor relating to the content in the written notification required by section 7 of Senate Bill 248, if the contact is initiated by a medical debtor;*
- c. Sending the medical debtor verification of the medical debt if requested by the medical debtor; or*
- d. Sending a receipt for a voluntary payment to the medical debtor.*

Sec. 4. The written notification required by section 7 of Senate Bill No. 248 shall be sent to a medical debtor when the medical debt is assigned to a collection agency, unless such notice was already sent by a prior collection agency. Such written notification to a medical debtor is not intended to be a communication under the Fair Debt Collection Practices Act. No action to collect the medical debt shall take place for a period of 60 days from the date of mailing of the written notification. Once the 60-day period ends, a collection agency may proceed to attempt to collect the medical debt as usual and in compliance with all other provisions of this chapter and chapter 649 of NRS, including as amended by Senate Bill 248, Fair Debt Collection Practices Act, Fair Credit Reporting Act, and any other state law relating to medical debt. A collection agency shall keep written verification of compliance with section 7 of Senate Bill 248 as part of its records for an account even if a different collection agency provided the required notice.

Sec. 5. The written notice required by NRS 649.332(2), if applicable, shall be provided to the medical debtor within 5 days of the expiration of the 60-day notice.

Sec. 6. In addition to the content required pursuant to section 7 of Senate Bill 248, a collection agency shall include in the 60-day notice:

On the front of the notice, within the body of the letter, at least 12-point bold type and in all capital letters:

THIS IS NOT A DEMAND FOR PAYMENT

On the front of the notice, within the body of the letter, at least 12-point bold type:

This notice is to inform you that your medical debt described herein was {assigned to OR otherwise obtained by} us, {enter name of collection agency}. As provided by NRS 649.____, we will not take any action to collect this debt within 60 days from the date of this letter. Any payments made toward the debt during this timeframe are considered voluntary and will not void the 60-day notification period described above.

This medical debt will not be reported to any credit reporting agency during the 60-day notification period.

Any voluntary payment you may make toward the medical debt during the 60-day period will not extend the applicable statute of limitation, is not an admission of liability and shall not be construed as a waiver of any defense to the collection of the medical debt.

This notification is not intended to be a communication under the Fair Debt Collection Practices Act.

Sec.7. NAC 649.280 is hereby amended to read as follows:

1. All machine-derived form letters *relating to past due debt* must be submitted to the Commissioner of Financial Institutions for review *during an examination or investigation or upon request by the Commissioner or his or her designee.* ~~[and approval before their actual use by the collection agency.]~~

2. ~~[No]~~ A collection agency ~~[may]~~ *shall not* use any machine-derived form letter *that was found to be in violation of state or federal law during an examination or investigation until the deficiency or violation has been corrected. The corrected form letter must be submitted to the Commissioner of Financial Institutions for review and written approval prior to use by the collection agency.* ~~[unless it has received prior written approval from the Commissioner.]~~

3. *All machine-derived form letters, including any letter that has been returned undeliverable along with the returned envelope, proof of mailing or proof of delivery are considered a record for purposes of NRS 649.335.*

Sec. 8. *The 60-day notification letter is considered a machine-derived form letter as defined in NAC 649.020.*

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