

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; restricting the enforcement by a hospital of certain statutory liens; limiting the amount that a hospital may collect or attempt to collect from a patient or other responsible party under certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 A hospital has statutory liens for any amount due to the hospital for the
2 reasonable value of the care rendered to a patient. The liens apply to any award of
3 damages or settlement obtained by the patient or the patient’s personal
4 representative from a person responsible for the injury causing the hospitalization
5 or, in the case of a county or district hospital, any real property of the patient or
6 other responsible party. (NRS 108.590, 108.662) If a hospital provides care to a
7 person who is covered by a policy of health insurance or may be eligible for
8 coverage under Medicaid, the Children’s Health Insurance Program or any other
9 public program which may pay all or part of the hospital bill, existing law generally
10 requires the hospital to submit its bill to the insurer or public program and await a
11 determination concerning payment of the bill before proceeding with any efforts to
12 collect the bill from the patient or other responsible party. (NRS 449.757) **Section 1**
13 of this bill provides that the hospital is likewise barred during this period from
14 asserting, perfecting, foreclosing or otherwise enforcing its statutory liens.

15 Existing law additionally limits the collection rights of a hospital if a patient is
16 covered by a policy of health insurance issued by a third party and the hospital has
17 a contract with that party. The hospital may not collect or attempt to collect its
18 charges from an insurer other than a health insurer, including an insurer that
19 provides coverage under a policy of casualty or property insurance. These
20 limitations currently do not apply to Medicaid, the Children’s Health Insurance
21 Program or any other public program which may pay all or part of the hospital bill.
22 (NRS 449.758) **Section 2** of this bill limits the amount that the hospital may collect
23 or attempt to collect from the patient or other responsible party to the lesser of: (1)
24 the amounts payable by or on behalf of the patient under the policy; or (2) the



25 amount provided in the contract between the hospital and the third party. **Section 2**
26 also deletes the specific references to casualty and property insurance and removes
27 the exemption for Medicaid, the Children's Health Insurance Program and other
28 public programs.

29 Finally, where the amount that the hospital may collect or attempt to collect
30 from the patient or other responsible party is limited as described above, **sections 3**
31 **and 4** of this bill limit the amount of the hospital's statutory liens accordingly.

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

1 **Section 1.** NRS 449.757 is hereby amended to read as follows:
2 449.757 1. When a person receives hospital care, the hospital
3 must not *assert, perfect, foreclose or otherwise enforce or attempt*
4 *to enforce any lien pursuant to NRS 108.590 or 108.662 or*
5 *otherwise* proceed with any efforts to collect on any amount owed to
6 the hospital for the hospital care from the responsible party, other
7 than for any copayment or deductible, if the responsible party has
8 health insurance or may be eligible for Medicaid, the Children's
9 Health Insurance Program or any other public program which may
10 pay all or part of the bill, until the hospital has submitted a bill to the
11 health insurance company or public program and the health
12 insurance company or public program has made a determination
13 concerning payment of the claim.

14 2. Collection efforts may begin and interest may begin to
15 accrue on any amount owed to the hospital for hospital care which
16 remains unpaid by the responsible party not sooner than 30 days
17 after the responsible party is sent a bill by mail stating the amount
18 that he or she is responsible to pay which has been established after
19 receiving a determination concerning payment of the claim by any
20 insurer or public program and after applying any discounts. Interest
21 must accrue at a rate which does not exceed the prime rate at the
22 largest bank in Nevada as ascertained by the Commissioner of
23 Financial Institutions on January 1 or July 1, as the case may be,
24 immediately preceding the date on which the payment becomes due,
25 plus 2 percent. The rate must be adjusted accordingly on each
26 January 1 and July 1 thereafter until the payment is satisfied.

27 3. Except for the interest authorized pursuant to subsection 2
28 and any court costs and attorney's fees awarded by a court, no other
29 fees may be charged concerning the amount that remains unpaid,
30 including, without limitation, collection fees, other attorney's fees or
31 any other fees or costs.

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

33 449.758 1. Except as otherwise provided in subsection 2, if a
34 hospital provides hospital care to a person who has a policy of



1 health insurance issued by a third party that provides health
2 coverage for care provided at that hospital and the hospital has a
3 contractual agreement with the third party, the hospital ~~{shall}~~ :

4 *(a) Shall* proceed with any efforts to collect on any amount
5 owed to the hospital for the hospital care in accordance with the
6 provisions of NRS 449.757 . ~~{and shall}~~

7 *(b) Shall not collect or attempt to collect from the patient or*
8 *other responsible party more than the lesser of:*

9 *(1) The sum of the amounts of any deductible, copayment*
10 *or coinsurance payable by or on behalf of the patient under the*
11 *policy of health insurance; or*

12 *(2) The amount provided in the contractual agreement*
13 *between the hospital and the third party.*

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

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

18 ~~{(b)}~~ *(2) An insurer other than ~~{a health insurer, including,~~*
19 *~~without limitation,}~~ an insurer that provides coverage under a policy*
20 *of ~~{casualty or property} health~~ insurance.*

21 2. This section does not apply to ~~{~~

22 ~~—(a) Amounts} amounts~~ owed to the hospital under the policy of
23 health insurance that are not collectible . ~~{; or~~

24 ~~—(b) Medicaid, the Children’s Health Insurance Program or any~~
25 ~~other public program which may pay all or part of the bill.}~~

26 3. This section does not limit any rights of a patient to contest
27 an attempt to collect an amount owed to a hospital, including,
28 without limitation, contesting a lien obtained by a hospital.

29 4. As used in this section, “third party” ~~{has the meaning~~
30 ~~ascribed to it in NRS 439B.260.}~~ means:

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

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

35 *(c) A participating public agency, as defined in NRS*
36 *287.04052, and any other local governmental agency of the State*
37 *of Nevada which provides a system of health insurance for the*
38 *benefit of its officers and employees, and the dependents of*
39 *officers and employees, pursuant to chapter 287 of NRS; or*

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

42 **Sec. 3.** NRS 108.590 is hereby amended to read as follows:

43 108.590 1. ~~{Whenever}~~ *Except as otherwise provided in this*
44 *subsection, whenever* any person receives hospitalization on account
45 of any injury, and the injured person, or a personal representative



1 after the person's death, claims damages from the person responsible
2 for causing the injury, the hospital has a lien upon any sum awarded
3 the injured person or the personal representative by judgment or
4 obtained by a settlement or compromise to the extent of the amount
5 due the hospital for the reasonable value of the hospitalization
6 rendered before the date of judgment, settlement or compromise. *If*
7 *the provisions of NRS 449.757 or 449.758 are applicable, the*
8 *amount of the lien is limited to the amount the hospital is entitled*
9 *to collect pursuant to those sections.*

10 2. The lien provided by this section is:

11 (a) Not valid against anyone coming under the provisions of
12 chapters 616A to 616D, inclusive, or chapter 617 of NRS.

13 (b) In addition to the lien provided by NRS 108.662.

14 **Sec. 4.** NRS 108.662 is hereby amended to read as follows:

15 108.662 1. Except as otherwise provided in subsection 4, a
16 county or district hospital has a lien upon the real property of a
17 person for charges incurred and unpaid for the care of the owner of
18 the property or a person for whose support the owner is legally
19 responsible. *If the provisions of NRS 449.757 or 449.758 are*
20 *applicable, the amount of the lien is limited to the amount the*
21 *hospital is entitled to collect pursuant to those sections.*

22 2. The notice of the lien must be served upon the owner by
23 certified or registered mail and filed in the office of the county
24 recorder of the county where the real property is located not sooner
25 than 90 days nor later than:

26 (a) Three years after the patient's discharge; or

27 (b) One year after the patient defaults on payments made
28 pursuant to a written contract,

29 ↪ whichever is later, except that the notice may be served and filed
30 within 6 months after any default pursuant to a written contract.

31 3. The notice of the lien must contain:

32 (a) The amount due;

33 (b) The name of the owner of record of the property; and

34 (c) A description of the property sufficient for identification.

35 4. If the amount due as stated in the notice of lien is reduced by
36 payments and any person listed in subsection 2 of NRS 108.665
37 gives written notice of that reduction to the county or district
38 hospital which recorded the lien, the county or district hospital shall
39 amend the notice of lien stating the amount then due, within 10 days
40 after it receives the written notice.

41 5. A county or district hospital shall not assign, sell or transfer
42 the interest of the hospital in a lien created pursuant to this section.

43 **Sec. 5.** This act becomes effective on July 1, 2017.

