AN ACT relating to collection agencies; requiring a collection agency to notify a debtor before taking any action to collect a medical debt; prohibiting certain practices relating to the collection of medical debt; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law: (1) requires any person who operates a collection agency or otherwise engages in the collection of claims for others to obtain a license from the Commissioner of Financial Institutions; and (2) prohibits a collection agency or its manager, agents or employees from engaging in certain practices. (NRS 649.075, 649.375) Section 2 of this bill defines the term “medical debt” to mean any debt owed for goods or services provided by a medical facility, a provider of health care or a provider of emergency medical services. Sections 3-6 of this bill define other terms related to medical debt. Section 9 of this bill makes a conforming change to indicate the placement of sections 2-6 in the Nevada Revised Statutes. Section 7 of this bill requires a collection agency to provide written notice to a person who owes a medical debt at least 60 days before taking any action to collect the medical debt. Section 8 of this bill prohibits a collection agency, or its manager, agents or employees, from engaging in certain practices relating to the collection of a medical debt.
THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 649 of NRS is hereby amended by adding
thereunto the provisions set forth as sections 2 to 8, inclusive, of this
act.

Sec. 2. “Medical debt” means any debt owed for goods or
services provided by a medical facility, a provider of health care or
a provider of emergency medical services.

Sec. 3. “Medical debtor” means a debtor who owes a medical
debt.

Sec. 4. “Medical facility” has the meaning ascribed to it in
NRS 449.0151.

Sec. 5. “Provider of emergency medical services” means:
1. The operator of an ambulance or air ambulance; or
2. A fire-fighting agency which provides transportation for
persons in need of emergency services and care to hospitals.

Sec. 6. “Provider of health care” has the meaning ascribed
to it in NRS 629.031.

Sec. 7. 1. Not less than 60 days before taking any action to
collect a medical debt, a collection agency shall provide to the
medical debtor written notification that sets forth:
(a) The name of the medical facility, provider of health care or
provider of emergency medical services that provided the goods or
services for which the medical debt is owed;
(b) The date on which those goods or services were provided;
(c) Whether a third party has been billed for those goods or
services and the current status of the bill; and
(d) Whether the medical facility, provider of health care or
provider of emergency medical services offers a program of
financial assistance for medical debtors.

2. As used in this section, “third party” means:
(a) An insurer, as that term is defined in NRS 679B.540;
(b) A health benefit plan, as that term is defined in NRS
687B.470, for employees which provides coverage for services and
care provided by a medical facility, provider of health care or
provider of emergency medical services;
(c) A participating public agency, as that term is defined in
NRS 287.04052, and any other local governmental agency of the
State of Nevada which provides a system of health insurance for
the benefit of its officers and employees, and the dependents of
officers and employees, pursuant to chapter 287 of NRS; or
(d) Any other insurer or organization providing health
coverage or benefits in accordance with state or federal law.
The term does not include an insurer that provides coverage under a policy of casualty or property insurance.

Sec. 8. A collection agency, or its manager, agents or employees, shall not, for any medical debt:

1. Take any confession of judgment or any power of attorney running to the collection agency or to any third person to confess judgment or to appear for the debtor in a judicial proceeding.

2. Commence a civil action to collect the medical debt if the amount of the medical debt, excluding interest, late fees, collection costs, attorney’s fees and any other fees or costs, is less than the maximum jurisdictional amount set forth in subsection of NRS 73.010.

3. Charge or collect a fee of more than 5 percent of the amount of the medical debt, excluding interest, late fees, collection costs, attorney’s fees and any other fees or costs, as a collection fee or as an attorney’s fee for the collection of the medical debt.

Sec. 9. NRS 649.005 is hereby amended to read as follows:

649.005 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 649.010 to 649.035, inclusive, and sections 2 to 6, inclusive, of this act have the meanings ascribed to them in those sections.

Sec. 10. This act becomes effective on July 1, 2021.