

ASSEMBLY BILL NO. 204—ASSEMBLYMEMBER CARTER

PREFILED FEBRUARY 3, 2025

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to medical debt. (BDR 52-135)

FISCAL NOTE: Effect on Local Government: No. 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 medical debt; prohibiting collection agencies and certain entities that provide health care from reporting medical debt to a consumer reporting agency; requiring a contract for the purchase or collection of medical debt between certain entities that provide health care and a collection agency to include certain provisions; prohibiting certain actions by certain entities that provide health care and collection agencies to collect a medical debt; providing requirements for engaging in extraordinary collection actions to collect a medical debt; authorizing the Attorney General to institute legal proceedings against violators; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides requirements governing the collection of medical debt by  
2 a collection agency, including a requirement to provide certain notice to a medical  
3 debtor before taking action to collect and prohibiting certain actions to collect a  
4 medical debt. (NRS 649.366, 649.368) **Section 13** of this bill prohibits a health care  
5 entity, which includes a medical facility, provider of health care or provider of  
6 emergency medical services, or a collection agency from reporting a medical debt  
7 to a consumer reporting agency and renders any portion of a medical debt that is so  
8 reported void. **Section 13** requires a health care entity to include in any contract  
9 entered into with a collection agency for the purchase or collection of a medical  
10 debt provisions prohibiting the reporting of medical debt to a consumer reporting  
11 agency, voiding any portion of a medical debt that is reported to a consumer  
12 reporting agency and prohibiting certain collection actions that are prohibited by  
13 **section 14** of this bill. **Sections 14 and 19** of this bill prohibit a health care entity or  
14 collection agency from engaging in certain actions, or threatening to engage in



15 certain actions, to collect a medical debt, including: (1) causing the arrest of a  
16 consumer; (2) obtaining a lien or foreclosing on real property of a consumer that  
17 includes the consumer's primary residence; (3) garnishing the wages of a consumer  
18 or any refund of federal income taxes due to a consumer; or (4) garnishing,  
19 attaching or seizing the bank account of a consumer.

20 **Section 15** of this bill prohibits a health care entity or collection agency from  
21 engaging in extraordinary collection actions until at least 180 days after the first bill  
22 for a medical debt is sent to a consumer and requires a notice that includes certain  
23 information to be sent to the consumer at least 30 days before any extraordinary  
24 collection action is taken. **Section 6** of this bill defines the term "extraordinary  
25 collection action" to mean: (1) selling a medical debt to a collection agency; (2)  
26 deferring, denying or requiring payment before providing medically necessary care;  
27 or (3) any action that requires a legal or judicial process. **Section 15** prohibits a  
28 health care entity or collection agency from engaging in extraordinary collection  
29 actions during a state of emergency, declaration of disaster or public health  
30 emergency or other health event with respect to the geographic area in which a  
31 consumer resides.

32 **Section 16** of this bill provides additional requirements for the collection of  
33 medical debts incurred for health care services, products or devices provided by a  
34 medical facility, including: (1) a prohibition on engaging in extraordinary collection  
35 actions unless such actions are described in the billing and collection policy of the  
36 medical facility; (2) a requirement to reverse any extraordinary collection actions if  
37 it is determined that the consumer is eligible for financial assistance that eliminates  
38 or would have eliminated the debt; and (3) requiring a consumer to be refunded  
39 within 60 days if, after the application of any financial assistance, a consumer had  
40 paid an amount in excess of the amount of the medical debt.

41 **Section 17** of this bill provides that the protections provided by **sections 13-16**  
42 cannot be waived.

43 **Section 18** of this bill authorizes the Attorney General to institute legal  
44 proceedings against a person who has violated, is violating or is about to violate the  
45 provisions of **sections 2-18** of this bill. **Section 18** authorizes a district court to  
46 grant certain remedies in such a proceeding.

47 **Sections 3-12** define terms related to the collection of medical debts and  
48 **section 2** makes those terms applicable to **sections 13-18**.

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

1 **Section 1.** Chapter 597 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 18, inclusive, of this  
3 act.

4 **Sec. 2.** *As used in sections 2 to 18, inclusive, of this act,*  
5 *unless the context otherwise requires, the words and terms defined*  
6 *in sections 3 to 12, inclusive, of this act have the meanings*  
7 *ascribed to them in those sections.*

8 **Sec. 3.** *"Collection agency" includes:*

9 *1. A collection agency, as defined in NRS 649.020.*

10 *2. A collection agent, as defined in NRS 649.025.*

11 **Sec. 4.** *"Consumer" means a natural person.*



1     **Sec. 5.** *“Consumer reporting agency” has the meaning*  
2 *ascribed to it in NRS 686A.640.*

3     **Sec. 6.** *“Extraordinary collection action” means:*

4       1. *Selling the medical debt of a consumer to a collection*  
5 *agency;*

6       2. *Deferring, denying or requiring payment before providing*  
7 *medically necessary care; or*

8       3. *Any action that requires a legal or judicial process,*  
9 *including, without limitation, placing a lien or commencing a civil*  
10 *action.*

11     **Sec. 7.** *“Financial assistance policy” means a written*  
12 *financial assistance policy of a health care entity which includes:*

13       1. *Eligibility criteria for financial assistance, including,*  
14 *without limitation, when such assistance includes free or*  
15 *discounted care.*

16       2. *The basis for calculating amounts charged to patients.*

17       3. *The method for applying for financial assistance.*

18       4. *The billing and collections policy, including, without*  
19 *limitation, the actions the health care entity may take in the event*  
20 *of nonpayment.*

21       5. *Measures to widely publicize the policy within the*  
22 *community to be served by the health care entity.*

23     **Sec. 8.** *“Health care entity” means:*

24       1. *A medical facility;*

25       2. *A provider of emergency medical services; or*

26       3. *A provider of health care.*

27     **Sec. 9.** 1. *“Medical debt” means any obligation for the*  
28 *payment of money arising out of any agreement or contract,*  
29 *express or implied, for the provision of health care services,*  
30 *products or devices.*

31       2. *The term does not include:*

32       (a) *Debt charged to a credit card, as defined in NRS 97A.050,*  
33 *unless the credit card is issued for the sole purpose of purchasing*  
34 *health care services, products or devices; or*

35       (b) *An open-end or closed-end extension of credit made by a*  
36 *financial institution to a borrower, unless the open-end or closed-*  
37 *end extension of credit is for the sole purpose of purchasing*  
38 *health care services, products or devices.*

39     **Sec. 10.** *“Medical facility” has the meaning ascribed to it in*  
40 *NRS 449.0151.*

41     **Sec. 11.** *“Provider of emergency medical services” has the*  
42 *meaning ascribed to it in NRS 649.041.*

43     **Sec. 12.** *“Provider of health care” has the meaning ascribed*  
44 *to it in NRS 629.031.*



1     **Sec. 13. 1.** *A health care entity or collection agency shall*  
2 *not report any information to a consumer reporting agency*  
3 *regarding a medical debt. Any portion of a medical debt that is*  
4 *reported to a consumer reporting agency in violation of this*  
5 *section shall be void.*

6     **2.** *A health care entity shall include in any contract entered*  
7 *into with a collection agency, whether located within or outside of*  
8 *this State, for the purchase or collection of medical debt a*  
9 *provision that:*

10     **(a)** *Prohibits the collection agency from reporting any portion*  
11 *of the medical debt to a consumer reporting agency.*

12     **(b)** *Provides that any portion of the medical debt reported to a*  
13 *consumer reporting agency is void.*

14     **(c)** *Prohibits the collection agency from engaging in any of the*  
15 *actions prohibited by section 14 of this act.*

16     **3.** *Any contract for the purchase or collection of medical debt*  
17 *that does not comply with the provisions of this section is void and*  
18 *unenforceable.*

19     **Sec. 14.** *A health care entity or collection agency shall not*  
20 *engage in any of the following actions to collect a medical debt:*

21     **1.** *Causing or threatening the arrest of a consumer,*  
22 *including, without limitation, an arrest pursuant to NRS 31.470 to*  
23 *31.730, inclusive;*

24     **2.** *Obtaining or threatening to obtain a lien against any real*  
25 *property of a consumer which consists, in whole or in part, of the*  
26 *primary residence of the consumer;*

27     **3.** *Foreclosing or threatening to foreclose on any real*  
28 *property of a consumer which consists, in whole or in part, of the*  
29 *primary residence of the consumer;*

30     **4.** *Garnishing or threatening to garnish the wages of a*  
31 *consumer or any refund of federal income taxes due to a*  
32 *consumer; or*

33     **5.** *Garnishing, attaching or seizing, or threatening to garnish,*  
34 *attach or seize, a bank account of a consumer.*

35     **Sec. 15. 1.** *A health care entity or collection agency shall*  
36 *not engage in any extraordinary collection action until at least 180*  
37 *days after the first bill for a medical debt has been sent to a*  
38 *consumer.*

39     **2.** *At least 30 days before taking any extraordinary collection*  
40 *action to collect a medical debt, a health care entity or collection*  
41 *agency shall provide to the consumer a notice:*

42     **(a)** *Identifying the extraordinary collection action that will be*  
43 *initiated in order to obtain payment;*



1 (b) Providing a deadline after which such extraordinary  
2 collection action will be initiated, which must be not earlier than  
3 30 days after the date of the notice; and

4 (c) If the medical debt was incurred for health care services,  
5 products or devices provided by a medical facility, stating whether  
6 the medical facility offers financial assistance to eligible  
7 consumers and providing a plain-language summary of any  
8 financial assistance policy of the medical facility.

9 3. A health care entity or collection agency shall not engage  
10 in any extraordinary collection action against a consumer for a  
11 medical debt during any period in which, with respect to the  
12 geographic area in which the consumer resides, there exists:

13 (a) A state of emergency or declaration of disaster proclaimed  
14 pursuant to NRS 414.070;

15 (b) A public health emergency or other health event pursuant  
16 to NRS 439.970; or

17 (c) A state of emergency, declaration of disaster or public  
18 health emergency as declared pursuant to federal law or the laws  
19 of another state.

20 **Sec. 16. 1.** If a medical debt was incurred for health care  
21 services, products or devices provided by a medical facility, the  
22 medical facility or a collection agency shall not engage in any  
23 extraordinary collection action to recover the medical debt unless  
24 such extraordinary collection action is described in the billing and  
25 collections policy of the medical facility.

26 2. If a medical facility, or a collection agency acting to collect  
27 a medical debt incurred for health care services, products or  
28 devices provided by a medical facility, initiates an extraordinary  
29 collection action against a consumer to collect a medical debt and  
30 the consumer is later found to be eligible under the financial  
31 assistance policy of the medical facility for financial assistance  
32 that eliminates or would have eliminated the medical debt, the  
33 medical facility or collection agency shall reverse any such  
34 extraordinary collection action, including, without limitation,  
35 dismissing or vacating any suit or other legal proceeding brought  
36 against the consumer and removing any lien, attachment or  
37 garnishment against the property of the consumer.

38 3. If, after the application of any financial assistance for  
39 which a consumer is eligible, the consumer has paid, to a medical  
40 facility, a collection agency or both, an amount in excess of the  
41 amount of the medical debt, the medical facility or collection  
42 agency shall refund any excess amount to the consumer within 60  
43 days.



1     **Sec. 17.** *The protections set forth in sections 13 to 16,*  
2 *inclusive, of this act are for the benefit of consumers and cannot*  
3 *be waived.*

4     **Sec. 18.** *If the Attorney General has reason to believe that a*  
5 *person has violated, is violating or is about to violate any of the*  
6 *provisions of sections 2 to 18, inclusive, of this act, the Attorney*  
7 *General may institute an appropriate legal proceeding against the*  
8 *person. The district court, upon a showing that the person has*  
9 *violated, is violating or is about to violate any provision of sections*  
10 *2 to 18, inclusive, of this act may grant any of the following*  
11 *remedies, as appropriate:*

- 12     1. *Issue a temporary or permanent injunction.*
- 13     2. *Impose a civil penalty not to exceed:*
  - 14       (a) *For a first violation, \$10,000; and*
  - 15       (b) *For any subsequent violation, \$25,000.*
- 16     3. *Issue a declaratory judgment.*
- 17     4. *Order restitution for the consumer.*
- 18     5. *Order the payment of attorney's fees and costs.*
- 19     6. *Order such relief as the court deems just.*

20     **Sec. 19.** NRS 649.368 is hereby amended to read as follows:

21     649.368 A collection agency, or its compliance manager,  
22 agents or employees, shall not, for any medical debt:

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

26     2. Commence a civil action to collect the medical debt if the  
27 amount of the medical debt, excluding interest, late fees, collection  
28 costs, attorney's fees and any other fees or costs, is less than the  
29 maximum jurisdictional amount set forth in subsection 1 of NRS  
30 73.010. Nothing in this subsection shall be construed to prohibit the  
31 commencement of a small claims action in justice court to collect  
32 the medical debt.

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

37     4. *Perform an action prohibited by sections 2 to 18, inclusive,*  
38 *of this act.*

39     **Sec. 20.** 1. The amendatory provisions of this act apply to:

40     (a) Any contract between a health care entity and a collection  
41 agency for the purchase or collection of medical debt entered into  
42 before, on or after October 1, 2025, but do not apply to any action  
43 taken under such a contract before October 1, 2025.



- 1 (b) Medical debt incurred before, on or after October 1, 2025,  
2 but do not apply to any action taken to collect a medical debt before  
3 October 1, 2025.
- 4 2. As used in this section:
- 5 (a) "Collection agency" has the meaning ascribed to it in section  
6 3 of this act.
- 7 (b) "Health care entity" has the meaning ascribed to it in section  
8 8 of this act.
- 9 (c) "Medical debt" has the meaning ascribed to it in section 9 of  
10 this act.



