

ASSEMBLY BILL NO. 247—ASSEMBLYWOMAN BUCKLEY

MARCH 5, 2007

Referred to Committee on Health and Human Services

SUMMARY—Makes various changes concerning billing for, collecting and bringing actions and enforcing judgments for delinquent payments for hospital care rendered at a hospital. (BDR 40-819)

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 hospitals; limiting the amount of interest and other charges that hospitals may impose for delinquent payments; revising the limitation on the period for commencing an action against a person who has a delinquent account with a hospital; prohibiting a hospital from assigning a lien on real property obtained in connection with a delinquent payment for services rendered at the hospital; authorizing the use of money that is reverted from the Health Insurance Flexibility and Accountability Holding Account in the State General Fund to the Fund for Hospital Care to Indigent Persons at the end of each fiscal year to pay claims for any previous fiscal years; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 5** of this bill provides that a hospital may not proceed with efforts to
2 collect on any amount owed to the hospital for hospital care rendered, other than
3 copayments and deductibles, if the person responsible for paying the account has or
4 may be eligible for insurance benefits or public assistance until the insurance or
5 public program has been billed and the amount owed by the responsible party has
6 been established. Collection efforts and interest may begin not sooner than 30 days
7 after the responsible party has been sent notice of the amount that he is responsible
8 to pay. **Section 5** further limits the amount of interest that a hospital may charge on
9 a delinquent account to prime rate plus 2 percent and prohibits a hospital from
10 imposing any other fees, including, without limitation, collection fees, attorney's



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fees or any other fees or costs other than court costs and attorney's fees awarded by a court.

Section 6 of this bill requires a hospital or other person acting on its behalf to collect any debt for any amount owed to the hospital for hospital care rendered at the hospital in a professional, fair and lawful manner and in accordance with the federal Fair Debt Collection Practices Act.

Existing law establishes certain periods during which an action may be commenced in court which apply when no other statutes specify a different period. (NRS 11.190) Existing law further provides that the time set forth in that statute is deemed to date from the last transaction. (NRS 11.200) **Section 7** of this bill provides that the period for commencing an action against a person to recover payment for any amount owed to a hospital for hospital care provided to a person at a hospital is not later than 4 years after the date on which any payment that is due for the services is not paid. The period is tolled, however, during any periods in which the hospital is awaiting a determination concerning eligibility for or the amount of benefits from an insurer or public program and during any period in which payments are being made.

Existing law creates a lien on the real property of a person for unpaid charges incurred at a county or district hospital and establishes certain procedures that must be followed with respect to such liens. (NRS 108.662) **Section 9** of this bill prohibits a county or district hospital from assigning, selling or transferring the interest of the hospital in such a lien.

Existing law provides that any money remaining in the Health Insurance Flexibility and Accountability Holding Account in the State General Fund at the end of each fiscal year reverts to the Fund for Hospital Care to Indigent Persons created by NRS 428.175 and to the State General Fund in equal amounts. (NRS 428.305) **Section 10** of this bill provides that any such money that is reverted from the Health Insurance Flexibility and Accountability Holding Account to the Fund for Hospital Care to Indigent Persons at the end of each fiscal year may be used to pay claims for any previous fiscal years.

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

Section 1. Chapter 449 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

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

Sec. 3. *"Hospital care" has the meaning ascribed to it in NRS 428.155.*

Sec. 4. *"Responsible party" means the person who received the hospital care, the parent or guardian of the person who received the hospital care or another natural person who is legally responsible or has agreed to be responsible for the payment to the hospital of any charges incurred in connection with the hospital care.*



1 **Sec. 5. 1.** *When a person receives hospital care, the*
2 *hospital must not proceed with any efforts to collect on any*
3 *amount owed to the hospital for the hospital care from the*
4 *responsible party, other than for any copayment or deductible, if*
5 *the responsible party has health insurance or may be eligible for*
6 *Medicaid, the Children's Health Insurance Program or any other*
7 *public program which may pay all or part of the bill, until the*
8 *hospital has submitted a bill to the insurance company or public*
9 *program and the insurance company or public program has made*
10 *a determination concerning payment of the claim.*

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

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

30 **Sec. 6.** *A hospital, or any person acting on its behalf who*
31 *seeks to collect a debt from a responsible party for any amount*
32 *owed to the hospital for hospital care must collect the debt in a*
33 *professional, fair and lawful manner. When collecting such a*
34 *debt, the hospital or other person acting on its behalf must act in*
35 *accordance with sections 803 to 812, inclusive, of the federal Fair*
36 *Debt Collection Practices Act, as amended, 15 U.S.C. §§ 1692a to*
37 *1692j, inclusive, even if the hospital or person acting on its behalf*
38 *is not otherwise subject to the provisions of that Act.*

39 **Sec. 7.** Chapter 11 of NRS is hereby amended by adding
40 thereto a new section to read as follows:

41 1. *Except as otherwise provided in this section, an action*
42 *against a person to recover payment for any amount owed to a*
43 *hospital for hospital care provided to the person at the hospital*
44 *must be commenced not later than 4 years after the date on which*
45 *any payment that is due for the services is not paid.*



2. *The period provided in subsection 1 is tolled during any periods in which the hospital is awaiting a determination concerning eligibility for, or the amount of, benefits from an insurer or public program and during any periods in which payments are being made.*

3. *As used in this section, "hospital care" has the meaning ascribed to it in NRS 428.155.*

Sec. 8. (Deleted by amendment.)

Sec. 9. NRS 108.662 is hereby amended to read as follows:

108.662 1. Except as otherwise provided in subsection 4, a county or district hospital has a lien upon the real property of a person for charges incurred and unpaid for the care of the owner of the property or a person for whose support the owner is legally responsible.

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

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

(b) One year after the patient defaults on payments made pursuant to a written contract,
➔ whichever is later, except that the notice may be served and filed within 6 months after any default pursuant to a written contract.

3. The notice of the lien must contain:

(a) The amount due;

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

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

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

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

Sec. 10. Any money that is reverted from the Health Insurance Flexibility and Accountability Holding Account in the State General Fund to the Fund for Hospital Care to Indigent Persons created by NRS 428.175 at the end of each fiscal year may be used to pay claims for any previous fiscal years, including, without limitation, claims incurred before July 1, 2005.

Sec. 11. The amendatory provisions of sections 1 to 9, inclusive, of this act apply to any debt accrued on or after October 1, 2007.



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- 1 **Sec. 12.** 1. This section and section 10 of this act become
2 effective upon passage and approval.
3 2. Sections 1 to 9, inclusive, and section 11 of this act become
4 effective on October 1, 2007.

