



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0273.02 (001): Provide for limitations on collection of medical debt

Primary Sponsor: Ed Stafman Status: As Amended in House Committee

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact

HB 273 eliminates wage garnishment to pay medical debt, creates a grace period before medical bills can be sent to collections, provides the opportunity to appeal insurance decisions before a bill goes to collections, and protects bank accounts from being seized to pay medical debt. State agencies do not engage in the collection of medical debt, nor does it utilize third-party collection services for bad debt. HB 273 does not have a fiscal impact.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services

- HB 273, which aims to protect patients from aggressive debt collection practices by healthcare providers, is not anticipated to have a fiscal impact on the Department of Public Health and Human Services (DPHHS). The department does not engage in the collection of Medicaid medical debt, nor does it utilize third-party collection services for bad debt. While DPHHS does notify the Department of Revenue for beneficiaries with unpaid claims, Medicaid recovery liens pursuant to 42 U.S.C. 1396p are excluded from the provisions of HB 273.

Department of Administration

- The Health Care Benefits Division only collects premiums from employees and retirees versus the providers who bill patients for services beyond coverage paid by third-party administrators where medical debt could become an issue.

Technical Concerns**Department of Public Health and Human Services**

1. The Healthcare Facility Division (HFD) within DPHHS determines non-Medicaid payments based on the ability of uninsured residents to pay, typically resulting in no payment or a nominal payment amount. Unpaid medical bills may be referred to the Department of Revenue (DOR) for potential offsets against state income tax refunds. However, HB 273's prohibition against "garnishing" wages or state income tax refunds raises a question of interpretation. If DOR offsets against state income tax returns are considered "garnishment," HB 273 could impact DPHHS operations by prohibiting this debt collection.


2/14/25

Sponsor's Initials

Date



Budget Director's Initials

2/14/2025

Date