

Senate Bill No. 248—Senator Dondero Loop

CHAPTER.....

AN ACT relating to collection agencies; requiring a collection agency to notify a debtor before taking any action to collect a medical debt; providing certain protections to a medical debtor who initiates contact with or makes a voluntary payment to a collection agency; prohibiting certain practices relating to the collection of medical debt; prohibiting the waiver of certain protections provided to medical debtors; 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: (1) 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; and (2) specifies certain types of financing and credit which are included within or excluded from the term. **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** of this bill in the Nevada Revised Statutes. **Section 7** of this bill requires a collection agency to send by registered or certified mail written notice to a person who owes a medical debt at least 60 days before taking any action to collect the medical debt and requires the notice to contain certain information. **Section 7.5** of this bill provides that: (1) a collection agency may, under certain circumstances, accept a voluntary payment from a medical debtor during the 60-day notification period specified in **section 7**; and (2) certain protections and rights are preserved for a medical debtor who initiates contact with a collection agency or makes a voluntary payment to a collection agency. **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. **Section 8.5** of this bill provides that the protections set forth in **sections 7, 7.5 and 8** are for the benefit of medical debtors and cannot be waived.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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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 thereto the provisions set forth as sections 2 to 8.5, inclusive, of this act.

**Sec. 2. 1. “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.**



2. *Except as otherwise provided in subsection 3, the term includes the financing or an extension of credit by a third party for the sole purpose of purchasing goods or services provided by a medical facility, a provider of health care or a provider of emergency medical services.*

3. *The term does not include an open-end or closed-end extension of credit made by a financial institution to a borrower that may be used by the borrower, at his or her own discretion, for any purpose other than the purchase of 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 send by registered or certified mail 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; and*

(c) *The principal amount of the medical debt.*

2. *The written notification required by subsection 1 must:*

(a) *Identify the name of the collection agency; and*

(b) *Inform the medical debtor that, as applicable:*

(1) *The medical debt has been assigned to the collection agency for collection; or*

(2) *The collection agency has otherwise obtained the medical debt for collection.*

**Sec. 7.5.** 1. *Nothing in section 7 of this act shall prohibit a collection agency from accepting a voluntary payment from a medical debtor during the 60-day notification period specified in subsection 1 of section 7 of this act provided that:*



(a) *The medical debtor initiates the contact with the collection agency; and*

(b) *The collection agency discloses to the medical debtor that:*

(1) *A payment is not demanded or due; and*

(2) *The medical debt will not be reported to any credit reporting agency during the 60-day notification period specified in subsection 1 of section 7 of this act.*

2. *No action by a medical debtor to initiate contact with a collection agency may be construed to allow the collection agency to take action to collect the medical debt before the expiration of the 60-day notification period specified in subsection 1 of section 7 of this act.*

3. *Any voluntary payment toward a medical debt that is made by a medical debtor to a collection agency in accordance with this section:*

(a) *Does not extend the applicable statute of limitations;*

(b) *Is not an admission of liability; and*

(c) *Shall not be construed as a waiver of any defense to the collection of the medical debt.*

**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 1 of NRS 73.010. Nothing in this subsection shall be construed to prohibit the commencement of a small claims action in justice court to collect the medical debt.*

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. 8.5.** *The protections set forth in sections 7, 7.5 and 8 of this act are for the benefit of medical debtors and cannot be waived.*

**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.

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