



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1223

Introduced 1/24/2025, by Sen. Laura Fine

SYNOPSIS AS INTRODUCED:

210 ILCS 88/30
210 ILCS 88/38 new
210 ILCS 88/42 new

Amends the Fair Patient Billing Act. Provides that medical creditors and debt collectors are prohibited from communicating with a patient regarding unpaid charges for the purpose of seeking to collect the charges and initiating a lawsuit or arbitration proceeding against the patient regarding the unpaid charges while an appeal of a health insurance decision is pending or was pending within 180 days. Sets forth provisions concerning medical debt interest under a reasonable payment plan, the applicable interest rate for judgments on medical debt, the effect of medical debt forgiveness on the contractual relationship between the medical creditor and the insurer or payor, and the applicability of the provisions.

LRB104 03269 BAB 13291 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Fair Patient Billing Act is amended by
5 changing Section 30 and by adding Sections 38 and 42 as
6 follows:

7 (210 ILCS 88/30)

8 Sec. 30. Pursuing collection action.

9 (a) Hospitals and their agents may pursue collection
10 action against an uninsured patient only if the following
11 conditions are met:

12 (1) The hospital has complied with the screening
13 requirements set forth in Section 16 and applied and
14 exhausted any discount available to a patient under
15 Section 10 of the Hospital Uninsured Patient Discount Act.

16 (2) The hospital has given the uninsured patient the
17 opportunity to:

18 (A) assess the accuracy of the bill;

19 (B) apply for financial assistance under the
20 hospital's financial assistance policy; and

21 (C) avail themselves of a reasonable payment plan.

22 (3) If the uninsured patient has indicated an
23 inability to pay the full amount of the debt in one

1 payment, the hospital has offered the patient a reasonable
2 payment plan. The hospital may require the uninsured
3 patient to provide reasonable verification of his or her
4 inability to pay the full amount of the debt in one
5 payment.

6 (4) To the extent the hospital provides financial
7 assistance and the circumstances of the uninsured patient
8 suggest the potential for eligibility for charity care,
9 the uninsured patient has been given at least 90 days
10 following the date of discharge or receipt of outpatient
11 care to submit an application for financial assistance and
12 shall be provided assistance with the application in
13 compliance with subsection (a) of Section 16 and Section
14 27.

15 (5) If the uninsured patient has agreed to a
16 reasonable payment plan with the hospital, and the patient
17 has failed to make payments in accordance with that
18 reasonable payment plan.

19 (6) If the uninsured patient informs the hospital that
20 he or she has applied for health care coverage under a
21 public health insurance program (and there is a reasonable
22 basis to believe that the patient will qualify for such
23 program) but the patient's application is denied.

24 (a-5) A hospital shall proactively offer information on
25 charity care options available to uninsured patients,
26 regardless of their immigration status or residency.

1 (b) A hospital may not refer a bill, or portion thereof, to
2 a collection agency or attorney for collection action against
3 the insured patient, without first ensuring compliance with
4 Section 16 and offering the patient the opportunity to request
5 a reasonable payment plan for the amount personally owed by
6 the patient. Such an opportunity shall be made available for
7 the 90 days following the date of the initial bill. If the
8 insured patient requests a reasonable payment plan, but fails
9 to agree to a plan within 90 days of the request, the hospital
10 may proceed with collection action against the patient.

11 (c) No collection agency, law firm, or individual may
12 initiate legal action for non-payment of a hospital bill
13 against a patient without the written approval of an
14 authorized hospital employee who reasonably believes that the
15 conditions for pursuing collection action under this Section
16 have been met.

17 (d) Nothing in this Section prohibits a hospital from
18 engaging an outside third party agency, firm, or individual to
19 manage the process of implementing the hospital's financial
20 assistance and reasonable payment plan programs and policies
21 so long as such agency, firm, or individual is contractually
22 bound to comply with the terms of this Act.

23 (e) A medical creditor or medical debt collector that
24 knows or should have known about an internal review, external
25 review, or other appeal of a health insurance decision that is
26 pending or was pending within the previous 180 days shall not:

1 (1) communicate with the patient regarding the unpaid
2 charges for health care services for the purpose of
3 seeking to collect the charges; or

4 (2) initiate a lawsuit or arbitration proceeding
5 against the consumer regarding the unpaid charges for
6 health care services.

7 (f) A medical creditor that knows or should have known
8 about an internal review, external review, or other appeal of
9 a health insurance decision that is pending or was pending
10 within the previous 180 days shall not refer, place, or send
11 the unpaid charges for health care services to a medical debt
12 collector, including by selling the debt to a medical debt
13 buyer.

14 (Source: P.A. 102-504, eff. 12-1-21; 103-323, eff. 1-1-24.)

15 (210 ILCS 88/38 new)

16 Sec. 38. Medical debt interest.

17 (a) If a patient is eligible for financial assistance and
18 has entered into a reasonable payment plan with a hospital or
19 health care provider, then no interest charges shall be added
20 to the medical expenses.

21 (b) If a patient is ineligible for financial assistance
22 and has entered into a reasonable payment plan with a hospital
23 or health care provider, interest charges shall not exceed 2%
24 annually.

25 (c) The rate of interest provided in subsection (a) or (b)

1 shall also apply to any judgments on medical debt,
2 notwithstanding any agreement to the contrary.

3 (d) This Section applies to payment plans entered into,
4 amended, or renewed on or after the effective date of this
5 amendatory Act of the 104th General Assembly.

6 (210 ILCS 88/42 new)

7 Sec. 42. Debt forgiven by medical creditor. Forgiveness of
8 any part of an insured patient's copayment, coinsurance,
9 deductible, facility fee, out-of-network charge, or other cost
10 sharing is not a breach of contract or other violation of an
11 agreement between the medical creditor and the insurer or
12 payor. This Section applies to contracts or agreements entered
13 into, amended, or renewed on or after the effective date of
14 this amendatory Act of the 104th General Assembly.