



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4087

Introduced 7/7/2005, by Rep. Mary E. Flowers

SYNOPSIS AS INTRODUCED:

New Act

110 ILCS 330/5

from Ch. 23, par. 1375

210 ILCS 85/7

from Ch. 111 1/2, par. 148

735 ILCS 5/12-701.5 new

735 ILCS 5/12-801.5 new

Creates the Hospital Billing and Collection Practices Act, which applies only to hospitals that receive public moneys. Provides that a hospital may not give a collection agency or attorney blanket authorization to take legal action against the hospital's patients for the collection of medical debt, including by means of garnishment or wage deduction, and requires a hospital to verify certain information before taking such action. Imposes other limitations in connection with a hospital's debt collection practices, including the referral of patients' accounts to a collection agency. Requires a hospital to train collection agencies and attorneys with whom it contracts for the collection of medical debt concerning the hospital's charity care policy. Requires a hospital to adopt and implement policies and procedures to ensure the timely and accurate submission of claims to third party payors. Requires a hospital to adopt a process for patients to question or dispute bills, and requires implementation of a system to record patient complaints received by a hospital's billing office. Contains provisions concerning billing uninsured patients. Amends the University of Illinois Hospital Act, the Hospital Licensing Act, and the Code of Civil Procedure to make conforming changes. Effective January 1, 2006.

LRB094 12771 DRJ 47615 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning regulation.

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

4 Article 1. General Provisions

5 Section 1-1. Short title. This Act may be cited as the
6 Hospital Billing and Collection Practices Act.

7 Section 1-5. Legislative findings. The General Assembly
8 finds as follows:

9 (1) A hospital bill should never get in the way of a
10 resident of Illinois receiving essential health services,
11 and this message should be conveyed to patients and the
12 communities served by a hospital.

13 (2) Financial aid policies should be consistent with
14 the mission and values of the hospital and take into
15 account each individual's ability to contribute to the cost
16 of his or her care and the hospital's financial ability to
17 provide the care.

18 (3) Financial aid policies should be clear,
19 understandable, and communicated in a dignified manner.

20 (4) Debt collection policies, by both hospital staff
21 and external collection agencies, should reflect the
22 mission and values of the hospital.

23 (5) The General Assembly intends that hospitals employ
24 high standards when collecting medical debt from their
25 patients and intends to lead reform efforts in the manner
26 in which uninsured hospital patients are charged.

27 Section 1-10. Construction of Act. This Act shall not be
28 construed to provide an incentive for persons who can afford
29 health insurance coverage to voluntarily choose to go without
30 such coverage.

1 Section 1-15. Definitions. In this Act:

2 "Charity care" means the provision of free or discounted
3 care to a patient pursuant to financial assistance policies
4 approved by the hospital's governing body.

5 "Collection agency" or "agency" means an individual or
6 entity that is required to be registered under the Collection
7 Agency Act.

8 "Department" means the Department of Public Health.

9 "Hospital" means a hospital licensed under the Hospital
10 Licensing Act or subject to the University of Illinois Hospital
11 Act that receives public moneys.

12 "Medical debt" means moneys owed by a patient to a hospital
13 in connection with services provided to the patient by the
14 hospital.

15 Article 5. Litigation Practices

16 Section 5-5. Authority to take legal action against
17 patient.

18 (a) A hospital may not give a collection agency or attorney
19 blanket authorization to take legal action against its patients
20 for the collection of medical debt. A hospital may not file a
21 lawsuit against a particular patient to collect medical debt
22 until a hospital employee with the appropriate level of
23 authority authorizes the litigation after verifying all of the
24 following:

25 (1) There is a reasonable basis to believe that the
26 patient owes the debt.

27 (2) All known third party payors have been properly
28 billed by the hospital, so that any remaining debt is the
29 financial responsibility of the patient. The hospital may
30 not bill a patient for any amount that an insurance company
31 is obligated to pay.

32 (3) If a patient has indicated an inability to pay the
33 full amount of the debt in one payment, the hospital has

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

5 (4) The patient has been given a reasonable opportunity
6 to submit an application for charity care, if the facts and
7 circumstances suggest that the patient may be eligible for
8 charity care, including, for example, if the patient is
9 uninsured or receives medical assistance under the
10 Illinois Public Aid Code or other assistance based on need.

11 (b) The hospital shall set forth in the policy adopted
12 pursuant to paragraph (2) of Section 30-10 the level of
13 employee (for example, supervisor, manager, or chief financial
14 officer) who is authorized to make the determinations required
15 under subsection (a). The level of employee may vary based on
16 the amount of the debt.

17 Section 5-10. Review of debt collection attorney contract
18 by hospital CEO. On at least an annual basis, a hospital's
19 chief executive officer shall review and determine whether or
20 not to issue to or renew any contract with an attorney for the
21 purpose of collecting medical debt. In determining whether to
22 issue or renew any such contract, the chief executive officer
23 shall consider whether the attorney has acted in a manner
24 consistent with this Act and with the hospital's mission and
25 policies and applicable laws.

26 Section 5-15. No subcontracting. A hospital must enter into
27 a written contract directly with any attorney or law firm
28 utilized by the hospital to collect medical debt from its
29 patients and may not subcontract or delegate the selection of
30 any such attorney or law firm to a collection agency with whom
31 the hospital has contracted for the collection of medical debt.
32 Any contract between the hospital and the attorney or law firm
33 must require the attorney or law firm to act in accordance with
34 this Act, applicable laws, and the hospital's policies adopted

1 under Section 30-10.

2 Section 5-20. No payment of bonus. A hospital may not pay
3 any debt collection attorney or law firm any performance bonus,
4 contingency bonus, or other similar payment that is calculated
5 on the basis of the amount or percentage of debt collected from
6 2 or more patients. This Section does not prohibit a hospital
7 from paying an attorney a percentage of the debt collected from
8 a particular patient, provided that the hospital establishes
9 adequate contractual controls to ensure that the attorney acts
10 in a manner consistent with this Act and the hospital's
11 mission.

12 Section 5-25. Oversight. A hospital's general counsel's
13 office or, if the hospital has no such office, a hospital
14 employee with suitable experience and authority shall oversee
15 the conduct of every attorney retained by the hospital to
16 collect medical debt from its patients and shall oversee all
17 debt collection litigation.

18 Section 5-30. Required actions by debt collection
19 attorney.

20 (a) A hospital shall require every attorney with whom the
21 hospital has contracted for the collection of medical debt to
22 take the following actions with respect to the collection of
23 medical debt from patients:

24 (1) File any lawsuits brought against the hospital's
25 patients for the collection of medical debt with the
26 applicable court no later than 7 days after the summons and
27 complaint have been served on the patient.

28 (2) Sign and date all pleadings, including, but not
29 limited to, all complaints and garnishment or wage
30 deduction pleadings and related documents.

31 (3) Ensure that all affidavits of service that purport
32 to document the service of any pleading or legal papers
33 state the following:

1 (A) If the pleading is served by mail, the
2 affidavit of service shall state the address to which
3 it was mailed.

4 (B) If the pleading is served personally, the
5 affidavit of service shall state the name of the person
6 to whom the pleading was delivered. Generalized
7 statements, such as that the pleading was delivered to
8 "a person of suitable age", shall not suffice for
9 purposes of this paragraph.

10 (4) Serve, along with any summons and complaint, an
11 information sheet as set forth in subsection (c) or a
12 substantially similar information sheet approved in
13 advance by the Department.

14 (5) List in the case caption of all pleadings the
15 county where the lawsuit is or will be filed.

16 (b) A hospital shall instruct its attorneys not to petition
17 any court to have any debtor arrested or to have any arrest
18 warrant or body attachment issued, or to cause such an action,
19 as a result of the debtor's failure to appear in court, to
20 complete paperwork, or to otherwise respond to any request or
21 action by the hospital in connection with its efforts to
22 collect medical debt from the patient.

23 (c) The information sheet required to be served under
24 subdivision (a)(4) shall be in substantially the following
25 form:

26 (HOSPITAL NAME) LAWSUIT INFORMATION SHEET

27 You are receiving this information sheet because you
28 have been served with a Summons and Complaint (lawsuit) by
29 (HOSPITAL NAME). (HOSPITAL NAME) cannot give you legal
30 advice. Therefore, this document provides only basic
31 information, and you should immediately discuss this
32 matter with an attorney.

33 Start of the Lawsuit. To start a lawsuit against you,
34 (HOSPITAL NAME) has served a Summons and Complaint on you
35 either: (1) by delivering it to you personally or leaving
36 it at your home; or (2) by mail, if you agree in writing to

1 accept "service" of the Summons and Complaint by mail and
2 sign a form that so indicates. The Summons informs you that
3 you must provide a formal, written legal "answer" to the
4 complaint. The Complaint explains why (HOSPITAL NAME) is
5 suing you and asks a court to make you pay money. The
6 Summons and Complaint may not include a court file number.
7 They are, however, the legal documents that begin the
8 lawsuit. It is very important that you do not ignore the
9 documents, or you will be in "default." No court hearing is
10 required for a default judgment to be entered against you
11 if you do not respond to the Complaint.

12 Answering a Complaint. The "Answer" is the formal legal
13 name for your response to the Complaint. The Answer must
14 meet certain requirements of the Code of Civil Procedure.
15 Contacting (HOSPITAL NAME) or its attorney by telephone or
16 written correspondence is not "answering" the Complaint.
17 While (HOSPITAL NAME) encourages you to call if you have
18 questions regarding the bill that was sent to collections,
19 doing so is not a formal "Answer." Some court clerks have
20 form "Answers" which may be of assistance to you. You must
21 serve a copy of your Answer on (HOSPITAL NAME)'s attorney
22 by mail, fax, or hand delivery and complete an Affidavit of
23 Service that explains who was served, how, and on what
24 date. The Affidavit of Service form must be signed in
25 accordance with the Code of Civil Procedure. If you want a
26 judge to hear the dispute, you should file the original
27 Answer and Affidavit of Service with the court in the
28 county in which you are being sued after you have served
29 your Answer on (HOSPITAL NAME). You will be required to pay
30 a court filing fee. (If you meet certain financial
31 guidelines, however, you may not be required to pay the
32 court filing fee. You may obtain more information regarding
33 a waiver of the fee by contacting the court clerk.)

34 Failure to Answer. If you do not "answer" the
35 Complaint, (HOSPITAL NAME) may get a "default" judgment
36 entered against you requiring you to pay money. By getting

1 a default judgment, (HOSPITAL NAME) may be able to initiate
2 a separate garnishment or wage deduction action against
3 you.

4 Section 5-35. Limitation on default judgment. A hospital
5 may not obtain a default judgment against any particular
6 patient without the specific, case-by-case approval of its
7 general counsel's office or, if the hospital has no such
8 office, a hospital employee with suitable experience and
9 authority. Before authorizing a default judgment, the general
10 counsel's office or the hospital employee shall determine: (i)
11 whether there is a reasonable basis to believe that the patient
12 may already believe that he or she has adequately answered the
13 complaint by calling or writing to the hospital, its debt
14 collection agency, or its attorney; (ii) whether the patient is
15 sick, disabled, infirm, or elderly so as to potentially render
16 the patient unable to answer the complaint; or (iii) whether
17 the patient may not have received service of the complaint. The
18 hospital shall serve any motion for default judgment on the
19 patient at the patient's last known address.

20 Section 5-40. Patient represented by attorney. If a
21 hospital has knowledge of the identity of an attorney
22 representing a patient in connection with the hospital's debt
23 collection efforts, the hospital shall notify every attorney,
24 law firm, and collection agency with whom it has contracted for
25 the collection of medical debt of the identity of any attorney
26 who represents the patient. Neither the hospital nor any
27 collection agency or attorney retained by the hospital for the
28 purpose of collecting medical debt may directly contact any
29 patient known to be represented by an attorney with regard to
30 the collection of that debt without the permission of the
31 patient's attorney.

32 Article 10. Garnishment and Wage Deductions

1 Section 10-5. Authority to pursue garnishment or wage
2 deduction.

3 (a) A hospital may not give a collection agency or attorney
4 blanket authorization to pursue garnishment or a wage deduction
5 against its patients for the collection of medical debt. A
6 hospital may not authorize a collection agency or attorney to
7 proceed with garnishment or a wage deduction against a
8 particular patient for the collection of medical debt until a
9 hospital employee with the appropriate level of authority
10 authorizes the garnishment or wage deduction for that
11 particular patient after verifying all of the following:

12 (1) The hospital has no reasonable basis to believe
13 that the patient's wages or funds at a financial
14 institution are likely to be exempt from garnishment.
15 Factors that may indicate a reasonable basis for such a
16 belief include the patient's receipt of benefits under the
17 Social Security Act or receipt of medical assistance under
18 the Illinois Public Aid Code or other assistance based on
19 need.

20 (2) There is a reasonable basis to believe that the
21 patient owes the debt.

22 (3) All known third party payors have been properly
23 billed by the hospital, so that any remaining debt is the
24 financial responsibility of the patient. The hospital may
25 not bill a patient for any amount that an insurance company
26 is obligated to pay.

27 (4) If the patient has indicated an inability to pay
28 the full amount of the debt in one payment, the hospital
29 has offered the patient a reasonable payment plan. The
30 hospital may require the patient to provide reasonable
31 verification of his or her inability to pay the full amount
32 of the debt in one payment.

33 (5) The patient has been given a reasonable opportunity
34 to submit an application for charity care, if the facts and
35 circumstances suggest that the patient may be eligible for
36 charity care, including, for example, if the patient is

1 uninsured or receives medical assistance under the
2 Illinois Public Aid Code or other assistance based on need.

3 (b) The hospital shall set forth in the policies adopted
4 under Section 30-10 the level of employee (for example,
5 supervisor, manager, or chief financial officer) who is
6 authorized to make the determinations required under
7 subsection (a). The level of employee may vary based on the
8 amount of the debt.

9 Section 10-10. Limitation on garnishment or wage
10 deduction. A hospital may not pursue garnishment or a wage
11 deduction against any patient unless the hospital has first
12 obtained a judgment against the patient in court for the amount
13 of the debt.

14 Section 10-15. Information sheet.

15 (a) A hospital must include, with the initial notice of a
16 garnishment or wage deduction that it sends to any patient, an
17 information sheet as set forth in subsection (b) or a
18 substantially similar information sheet approved in advance by
19 the Department.

20 (b) The information sheet required to be sent under
21 subsection (a) shall be in substantially the following form:

22 (HOSPITAL NAME) GARNISHMENT OR WAGE DEDUCTION
23 INFORMATION SHEET

24 You are receiving this information sheet because
25 (HOSPITAL NAME) has started a process to get money from you
26 by sending a "garnishment summons" to a "garnishee"
27 (typically your bank) or a "wage deduction summons" to your
28 employer. These proceedings are called "garnishment" or
29 "wage deduction" proceedings. (HOSPITAL NAME) cannot
30 provide you with legal advice. Therefore, this document
31 provides only basic information. You should immediately
32 discuss this matter with an attorney.

33 Taking Money From Your Wages. If (HOSPITAL NAME) is
34 trying to take money from your wages, you should receive

1 notice before your wages are taken. Under Illinois law,
2 (HOSPITAL NAME) cannot take more than 15% of your gross
3 weekly wages or more than the amount by which your
4 disposable earnings for a week exceed 45 times the federal
5 minimum hourly wage, whichever is less. Under federal law,
6 (HOSPITAL NAME) cannot take more than 25% of your
7 disposable earnings for a week or more than the amount by
8 which your disposable earnings for a week exceed 30 times
9 the federal minimum hourly wage, whichever is less. To find
10 out how to claim that wages cannot be taken (that is, that
11 they are "exempt"), you should immediately discuss this
12 matter with an attorney. Calling (HOSPITAL NAME) is not
13 sufficient.

14 Taking Money From Your Bank Accounts. If (HOSPITAL
15 NAME) is trying to take money from your bank account, the
16 bank will "freeze" enough money in your account to pay off
17 your debt to (HOSPITAL NAME). You will not receive notice
18 of the bank garnishment until after your funds are already
19 "frozen". You will not have access to your funds while they
20 are "frozen". Your checks may "bounce," and you may incur
21 overdraft charges during this time. You may want to contact
22 your bank or discuss this matter with an attorney
23 immediately.

24 Section 10-20. Claim of exemption from garnishment or wage
25 deduction. If a patient submits a written claim that the
26 patient's property or wages are exempt from garnishment or wage
27 deduction, the hospital's debt collection attorney may not
28 object to the claim of exemption without receiving the
29 specific, case-by-case approval of the hospital's general
30 counsel's office or, if the hospital has no such office, a
31 hospital employee with suitable experience and authority. In
32 deciding whether to grant such approval in a particular case,
33 the general counsel's office or hospital employee shall review
34 all information submitted by the patient in support of the
35 patient's claim of exemption.

1 Article 15. Collection Agencies

2 Section 15-5. Review of collection agency contract by
3 hospital CEO. On at least an annual basis, a hospital's chief
4 executive officer shall review and determine whether or not to
5 issue to or renew a contract with a collection agency for the
6 purpose of collecting medical debt. In determining whether to
7 issue or renew any such contract, the chief executive officer
8 shall consider whether the collection agency has acted in a
9 manner consistent with this Act and with the hospital's mission
10 and policies and applicable laws.

11 Section 15-10. Written contract. A hospital must enter into
12 a written contract with any collection agency utilized by the
13 hospital to collect medical debt from its patients. The
14 contract shall require the collection agency to act in
15 accordance with this Act, applicable laws, and the hospital's
16 policies adopted under in Section 30-10.

17 Section 15-15. Referral of patient's account.

18 (a) A hospital may not refer any patient's account to a
19 collection agency for collection of medical debt owed by the
20 patient unless the hospital has verified all of the following:

21 (1) There is a reasonable basis to believe that the
22 patient owes the debt.

23 (2) All known third party payors have been properly
24 billed by the hospital, so that any remaining debt is the
25 financial responsibility of the patient. The hospital may
26 not bill a patient for any amount that an insurance company
27 is obligated to pay.

28 (3) If the patient has indicated an inability to pay
29 the full amount of the debt in one payment, the hospital
30 has offered the patient a reasonable payment plan. The
31 hospital may require the patient to provide reasonable
32 verification of his or her inability to pay the full amount

1 of the debt in one payment.

2 (4) The patient has been given a reasonable opportunity
3 to submit an application for charity care, if the facts and
4 circumstances suggest that the patient may be eligible for
5 charity care, including, for example, if the patient is
6 uninsured or receives medical assistance under the
7 Illinois Public Aid Code or other assistance based on need.

8 (b) The hospital shall set forth in the policies adopted
9 under Section 30-10 the level of employee (for example,
10 supervisor, manager, or chief financial officer) who is
11 authorized to make the determinations required under
12 subsection (a). The level of employee may vary based on the
13 amount of the debt.

14 Section 15-20. Patient's previous payment plan. A hospital
15 may not refer any medical debt to a collection agency or
16 attorney for the purposes of collection if the patient has made
17 payments on that debt in accordance with the terms of a payment
18 plan previously agreed to by the hospital.

19 Section 15-25. Patient's application for charity care. If a
20 patient has submitted an application for charity care after the
21 hospital has referred his or her account for collection
22 activity, the hospital shall suspend all collection activity
23 until the patient's charity care application has been processed
24 by the hospital and the hospital has notified the patient of
25 its decision concerning the charity care application.

26 Section 15-30. No payment of bonus. A hospital may not pay
27 any debt collection agency any performance bonus, contingency
28 bonus, or other similar payment that is calculated on the basis
29 of the amount or percentage of debt collected from 2 or more
30 patients. This Section does not prohibit a hospital from paying
31 a collection agency a percentage of the debt collected from a
32 particular patient, provided that the hospital establishes
33 adequate contractual controls to ensure that the collection

1 agency acts in a manner consistent with this Act and the
2 hospital's mission.

3 Section 15-35. Log of patient complaints. A hospital shall
4 require every collection agency or attorney utilized by the
5 hospital for the purpose of collecting medical debt to keep a
6 log of all oral and written complaints received from any
7 patient concerning the conduct of the collection agency or
8 attorney. For purposes of this Section, a "complaint" is any
9 communication from a patient or a patient's representative in
10 which the patient or representative expresses concerns about
11 the conduct of the collection agency or attorney in connection
12 with the collection of the medical debt owed to the hospital by
13 the patient. The hospital shall obtain a complete copy of the
14 log at least 6 times per year. The hospital's contract with the
15 collection agency or attorney shall state that failure by the
16 agency or attorney to log and provide all patient complaints in
17 the manner required by this Section may result in termination
18 of the hospital's contract with the agency or attorney.

19 Section 15-40. Record of communications with patients. A
20 hospital shall require every collection agency and attorney
21 utilized by the hospital for the purpose of collecting medical
22 debt to keep a record of the date, time, and purpose of all
23 communications to or from the hospital's patients in connection
24 with medical debt collection activities.

25 Section 15-45. Hospital contact information. If a patient
26 asks a collection agency or attorney with whom the hospital has
27 contracted for the collection of medical debt for the contact
28 information for a hospital, the hospital shall instruct the
29 agency or attorney to provide the patient with the phone number
30 and address described in Section 20-10. The hospital shall not
31 refuse to supply information to or speak with any of its
32 patients on the basis that a patient's account has been placed
33 with a collection agency or attorney for collection of medical

1 debt.

2 Section 15-50. Charity care. A hospital shall train the
3 employees of the collection agencies with which it contracts
4 for the collection of medical debt, and the attorneys with whom
5 it contracts for the collection of medical debt, concerning the
6 hospital's charity care policy and how a patient may obtain
7 more information about the hospital's charity care policy or
8 submit an application for charity care. The hospital shall
9 require those collection agencies and attorneys to refer
10 patients who may be eligible for charity care to the hospital.

11 Section 15-55. Department of Public Health contact
12 information. A hospital shall include the following statement
13 (i) in every collection notice sent to a patient by the
14 hospital or by any collection agency or attorney with whom the
15 hospital has contracted for the collection of medical debt and
16 (ii) in every cover letter sent in connection with service of a
17 summons and complaint and garnishment or wage deduction papers
18 in connection with the collection of medical debt:

19 You have the option to address any concerns with the
20 Illinois Department of Public Health, which can be reached
21 at (insert telephone number or numbers).

22 The hospital shall print this statement with the prominence
23 required for notices under the federal Fair Debt Collection
24 Practices Act.

25 Section 15-60. No report to credit reporting agency.
26 Neither a hospital nor any collection agency or attorney with
27 whom it contracts for the collection of medical debt may report
28 any patient to a credit reporting agency as a result of that
29 patient's failure to pay a medical bill owed to the hospital.

30 Article 20. Hospital Central Billing Office

31 Section 20-5. Billing practices generally.

1 (a) A hospital shall adopt and implement policies and
2 procedures to ensure the timely and accurate submission of
3 claims to third party payors.

4 (b) If a hospital timely receives from a patient
5 information about the patient's third party payor but does not
6 timely submit a claim to the third party payor, the hospital
7 may not bill the patient for any amount in excess of that for
8 which the patient would have been responsible had the third
9 party payor paid the claim.

10 (c) A hospital may not refer any bill to a debt collection
11 agency or attorney for collection activity while a claim for
12 payment of the bill is pending with a third party payor with
13 which the hospital has a contract. A hospital may refer a bill
14 to a collection agency or attorney following an initial denial
15 of the claim by the third party payor. A hospital may not refer
16 a bill to a collection agency or attorney for collection
17 activity if a claim is denied by a third party payor due to the
18 hospital's error and that error results in the patient becoming
19 liable for the debt if the patient would not otherwise be
20 liable.

21 (d) The General Assembly recognizes that, in order for a
22 hospital to properly bill a patient's insurance company, the
23 hospital may need the patient's cooperation and that the
24 hospital may not be able to properly bill the patient's
25 insurance company without the patient's cooperation.

26 (e) If a hospital believes that a private third party payor
27 has improperly delayed or denied payment of a claim, the
28 hospital may file a complaint with the Department, which may
29 provide assistance to the hospital or its patient in attempting
30 to get the claim paid.

31 Section 20-10. Questioning or disputing bills. A hospital
32 shall implement a streamlined process for patients to question
33 or dispute bills, including a toll-free phone number that
34 patients may call and an address to which they may write. The
35 phone number and address shall be listed on all patient bills

1 and collection notices sent by the hospital. The hospital shall
2 return telephone calls made by patients to this number as
3 promptly as possible, but in no event later than one business
4 day after the call is received. For purposes of this Section,
5 "business day" means a day on which the hospital's billing
6 office is open for regular business. The hospital shall respond
7 to correspondence sent to this address by patients within 10
8 days after the correspondence is received.

9 Section 20-15. Documenting claim. If a patient advises a
10 hospital or a collection agency or attorney with whom the
11 hospital has contracted for the collection of medical debt that
12 (i) the patient does not owe all or part of a bill, (ii) a third
13 party payor should pay the bill, or (iii) the patient needs
14 documentation concerning the bill, the hospital, the
15 collection agency, and the attorney must cease further
16 collection efforts until the hospital or the agency provides
17 the patient with documentation establishing that, as
18 applicable, (A) the patient owes the debt or (B) the applicable
19 third party payor has already paid all amounts for which it is
20 obligated. The hospital or the collection agency must provide
21 this documentation in writing within 10 days after it is
22 requested and may not pursue further collection activity for a
23 period of 30 days after providing proof that the debt is owed,
24 so as to give the patient further opportunity to pay the bill
25 or to challenge the documentation supplied by the hospital. If
26 the hospital provides the required documentation and the
27 patient does not respond within 30 days, the hospital may
28 resume collection activity.

29 Section 20-20. Log of patient complaints. A hospital shall
30 develop a system to record and log all patient complaints
31 received by the hospital's billing office, including at the
32 addresses identified by the hospital under Section 20-10,
33 regarding the collection of medical debt by the hospital or by
34 any collection agency or attorney with whom the hospital has

1 contracted for the collection of medical debt. The hospital may
2 maintain such records at more than one location.

3 Article 25. Billing to the Uninsured

4 Section 25-5. Provision of itemized bill. If a hospital
5 demands that an uninsured patient pay a medical bill, the
6 hospital must provide to that patient a detailed, itemized bill
7 as part of the billing process.

8 Section 25-10. Limitation on amount charged.

9 (a) In this Section:

10 "Most favored insurer" means the nongovernmental third
11 party payor that provided the most revenue to the hospital
12 during the previous calendar year.

13 "Uninsured treatment" means any treatment or services that
14 are not covered by a plan, contract, or policy that provides
15 coverage to a patient through or is issued to a patient by (i)
16 a self-funded employee benefit plan, (ii) any governmental
17 program, including, but not limited to, Medicare, medical
18 assistance under the Illinois Public Aid Code, or the
19 Children's Health Insurance Program, (iii) any other type of
20 health insurance, health maintenance, or health plan coverage,
21 or (iv) any other type of insurance coverage, including but not
22 limited to no-fault automobile coverage, workers' compensation
23 coverage, or liability coverage.

24 (b) A hospital may not charge a patient whose annual
25 household income is less than \$125,000 for any uninsured
26 treatment in an amount greater than the amount that the
27 hospital would be reimbursed for that service or treatment from
28 its most favored insurer. The total charge for uninsured
29 treatment may not be more than the hospital would be reimbursed
30 directly from its most favored insurer and from that insurer's
31 policyholder under any applicable and allowable copayments,
32 deductibles, or coinsurance.

33 A hospital shall apply the same percentage discount to its

1 charge description master for uninsured treatment that it would
2 apply to charges incurred by a policyholder of its most favored
3 insurer. Beginning on the effective date of this Act, each year
4 a hospital and the Department may agree in advance, by a
5 confidential letter agreement, on the percentage discount from
6 the charge description master that the hospital provides to its
7 most favored insurer and that a hospital shall provide for
8 uninsured treatment under this Section. A hospital shall
9 provide to the Department, pursuant to Section 30-25, any
10 information requested by the Department for purposes of
11 calculating this discount. The hospital shall utilize the same
12 initial charge description master prices for uninsured
13 treatment that it utilizes for treatment provided to a
14 policyholder of its most favored insurer.

15 (c) If a hospital inadvertently sends a bill to a patient
16 in an amount that exceeds the amount that is allowed by this
17 Section because the hospital is not aware that the treatment or
18 service constitutes uninsured treatment, and if the hospital
19 thereafter learns that the treatment or service constitutes
20 uninsured treatment, the hospital shall promptly adjust its
21 charges so as not to exceed the amount allowable under this
22 Section and shall promptly notify the patient of the new amount
23 of the bill.

24 (d) This Section applies only to medically necessary health
25 care treatment and does not apply to cosmetic procedures that
26 are not medically necessary.

27 Section 25-15. Hospital staff training. In recognition
28 that some patients express their financial concerns directly to
29 their treatment providers (for example, doctors or nurses), a
30 hospital shall train its staff responsible for admissions,
31 billing, and providing direct patient treatment concerning the
32 existence of the hospital's charity care policy and how a
33 patient may obtain more information about the hospital's
34 charity care policy or submit an application for charity care.

1 Article 30. Miscellaneous Provisions

2 Section 30-5. No approval of collection by Department or
3 State. Neither a hospital nor its agents may state or imply,
4 directly or indirectly, that the State of Illinois or the
5 Department has approved of, condones, or agrees with any
6 lawsuit, garnishment, wage deduction, or other attempt by the
7 hospital to collect medical debt from a patient.

8 Section 30-10. Required hospital policies. A hospital's
9 governing body shall adopt all of the following policies, which
10 shall not be inconsistent with this Act:

11 (1) A zero tolerance policy for abusive, harassing,
12 oppressive, false, deceptive, or misleading language or
13 collections conduct by any collection agency or attorney
14 with whom the hospital has contracted for the collection of
15 medical debt, any agent or employee of such a collection
16 agency or attorney, or any hospital employee who
17 participates in the collection of medical debt from
18 patients.

19 (2) A debt collection litigation policy, which shall
20 include a policy permitting the garnishment of a patient's
21 bank accounts or deductions from a patient's wages only
22 after entry of a judgment.

23 (3) A policy establishing the procedures to be utilized
24 by every collection agency with whom the hospital contracts
25 for the collection of medical debt.

26 (4) A policy establishing the procedures to be utilized
27 by the hospital's employees who participate in the
28 collection of medical debt.

29 (5) A charity care policy that takes into consideration
30 the financial ability of the patient to pay a medical bill.

31 Section 30-15. Required hospital practices. At least once
32 each year, a hospital's governing body shall review the
33 hospital's practices in each of the following areas:

1 (1) The filing of debt collection litigation against
2 hospital patients, including the garnishment of a
3 patient's bank accounts or deductions from a patient's
4 wages after entry of a default judgment.

5 (2) The debt collection activities of each collection
6 agency with which the hospital contracts for the collection
7 of medical debt.

8 (3) The debt collection activities of the hospital's
9 employees who participate in the collection of medical
10 debt.

11 (4) The hospital's compliance with this Act and the
12 policies adopted under Section 30-10.

13 (5) The results of the reviews conducted by the
14 hospital's chief executive officer under Sections 5-10 and
15 15-5.

16 (6) The results of the audits required by Section
17 30-20.

18 (7) The hospital's charity care practices.

19 Section 30-20. Audit. At least once each year, a hospital
20 shall audit (i) the practices of every collection agency and
21 attorney with whom it has contracted for the collection of
22 medical debt and (ii) its internal medical debt collection
23 practices. At a minimum, the audits shall review compliance
24 with this Act and the hospital's policies.

25 Section 30-25. Cooperation with Department. A hospital
26 shall cooperate with, respond to inquires of, and provide
27 information to the Department in a timely manner as necessary
28 for the enforcement of this Act.

29 Section 30-30. Deferral of Department action against
30 hospital. The Department shall defer enforcement action
31 against a hospital as it relates to the prices charged by the
32 hospital to uninsured patients, the hospital's medical debt
33 collection practices, and the hospital's charity care

1 practices while this Act is in effect, except to enforce the
2 provisions of this Act.

3 Article 90. Amendatory Provisions

4 Section 90-5. The University of Illinois Hospital Act is
5 amended by changing Section 5 as follows:

6 (110 ILCS 330/5) (from Ch. 23, par. 1375)

7 Sec. 5.

8 (a) The University may establish and collect charges for
9 hospital services rendered in the University of Illinois
10 Hospital or in connection with a University health care
11 program. However, with respect to health care professional
12 services rendered in connection with a University health care
13 program at the University of Illinois Hospital or elsewhere by
14 the Doctors of Medicine, the Doctors of Dentistry, or other
15 health care professionals who are members of the University
16 faculty, charges for such professional services shall not be
17 established or collected by the University or the University of
18 Illinois Hospital but may be by said members of said faculty
19 who render such services under a plan or plans organized and
20 administered by them. All such charges shall be deposited in a
21 special fund or funds in the treasury of the University. The
22 billing, collecting and disbursing of any such fund shall
23 remain exclusively under the supervision and control of such
24 faculty under a plan or plans established by them for the
25 general benefit and support of University programs and
26 activities related to the health professions, provided no
27 charges may be made or collected until such plan has been
28 approved by the University. However, no person shall make or
29 collect a personal or professional charge for his own account
30 for treating, caring for or nursing a patient in the University
31 of Illinois Hospital (other than health care professional
32 services provided at the University of Illinois Hospital by
33 non-salaried adjunct University faculty who are licensed

1 dentists or physicians licensed to practice medicine in all its
2 branches members) or in connection with a University health
3 care program. Nothing herein shall prevent the University from
4 approving a plan under which any such fund in the University
5 treasury may be utilized in paying the University salaries of
6 such faculty members, or from assisting in the billing and
7 collection of professional charges if all University costs in
8 connection therewith are paid from the charges so collected.

9 (b) The University's collection of charges under this
10 Section is subject to the Hospital Billing and Collection
11 Practices Act.

12 (Source: P.A. 91-206, eff. 7-20-99; 92-760, eff. 8-2-02.)

13 Section 90-10. The Hospital Licensing Act is amended by
14 changing Section 7 as follows:

15 (210 ILCS 85/7) (from Ch. 111 1/2, par. 148)

16 Sec. 7. (a) The Director after notice and opportunity for
17 hearing to the applicant or licensee may deny, suspend, or
18 revoke a permit to establish a hospital or deny, suspend, or
19 revoke a license to open, conduct, operate, and maintain a
20 hospital in any case in which he finds that there has been a
21 substantial failure to comply with the provisions of this Act,
22 ~~or~~ the Hospital Report Card Act, or the Hospital Billing and
23 Collection Practices Act or the standards, rules, and
24 regulations established by virtue of any ~~either~~ of those Acts.

25 (b) Such notice shall be effected by registered mail or by
26 personal service setting forth the particular reasons for the
27 proposed action and fixing a date, not less than 15 days from
28 the date of such mailing or service, at which time the
29 applicant or licensee shall be given an opportunity for a
30 hearing. Such hearing shall be conducted by the Director or by
31 an employee of the Department designated in writing by the
32 Director as Hearing Officer to conduct the hearing. On the
33 basis of any such hearing, or upon default of the applicant or
34 licensee, the Director shall make a determination specifying

1 his findings and conclusions. In case of a denial to an
2 applicant of a permit to establish a hospital, such
3 determination shall specify the subsection of Section 6 under
4 which the permit was denied and shall contain findings of fact
5 forming the basis of such denial. A copy of such determination
6 shall be sent by registered mail or served personally upon the
7 applicant or licensee. The decision denying, suspending, or
8 revoking a permit or a license shall become final 35 days after
9 it is so mailed or served, unless the applicant or licensee,
10 within such 35 day period, petitions for review pursuant to
11 Section 13.

12 (c) The procedure governing hearings authorized by this
13 Section shall be in accordance with rules promulgated by the
14 Department and approved by the Hospital Licensing Board. A full
15 and complete record shall be kept of all proceedings, including
16 the notice of hearing, complaint, and all other documents in
17 the nature of pleadings, written motions filed in the
18 proceedings, and the report and orders of the Director and
19 Hearing Officer. All testimony shall be reported but need not
20 be transcribed unless the decision is appealed pursuant to
21 Section 13. A copy or copies of the transcript may be obtained
22 by any interested party on payment of the cost of preparing
23 such copy or copies.

24 (d) The Director or Hearing Officer shall upon his own
25 motion, or on the written request of any party to the
26 proceeding, issue subpoenas requiring the attendance and the
27 giving of testimony by witnesses, and subpoenas duces tecum
28 requiring the production of books, papers, records, or
29 memoranda. All subpoenas and subpoenas duces tecum issued under
30 the terms of this Act may be served by any person of full age.
31 The fees of witnesses for attendance and travel shall be the
32 same as the fees of witnesses before the Circuit Court of this
33 State, such fees to be paid when the witness is excused from
34 further attendance. When the witness is subpoenaed at the
35 instance of the Director, or Hearing Officer, such fees shall
36 be paid in the same manner as other expenses of the Department,

1 and when the witness is subpoenaed at the instance of any other
2 party to any such proceeding the Department may require that
3 the cost of service of the subpoena or subpoena duces tecum and
4 the fee of the witness be borne by the party at whose instance
5 the witness is summoned. In such case, the Department in its
6 discretion, may require a deposit to cover the cost of such
7 service and witness fees. A subpoena or subpoena duces tecum
8 issued as aforesaid shall be served in the same manner as a
9 subpoena issued out of a court.

10 (e) Any Circuit Court of this State upon the application of
11 the Director, or upon the application of any other party to the
12 proceeding, may, in its discretion, compel the attendance of
13 witnesses, the production of books, papers, records, or
14 memoranda and the giving of testimony before the Director or
15 Hearing Officer conducting an investigation or holding a
16 hearing authorized by this Act, by an attachment for contempt,
17 or otherwise, in the same manner as production of evidence may
18 be compelled before the court.

19 (f) The Director or Hearing Officer, or any party in an
20 investigation or hearing before the Department, may cause the
21 depositions of witnesses within the State to be taken in the
22 manner prescribed by law for like depositions in civil actions
23 in courts of this State, and to that end compel the attendance
24 of witnesses and the production of books, papers, records, or
25 memoranda.

26 (Source: P.A. 93-563, eff. 1-1-04.)

27 Section 90-15. The Code of Civil Procedure is amended by
28 adding Sections 12-701.5 and 12-801.5 as follows:

29 (735 ILCS 5/12-701.5 new)

30 Sec. 12-701.5. Hospital Billing and Collection Practices
31 Act. In a garnishment proceeding that is subject to the
32 Hospital Billing and Collection Practices Act, to the extent
33 that there is a conflict between a provision of that Act and a
34 provision of this Part 7, the provision of the Hospital Billing

1 and Collection Practices Act controls.

2 (735 ILCS 5/12-801.5 new)

3 Sec. 12-801.5. Hospital Billing and Collection Practices
4 Act. In a wage deduction proceeding that is subject to the
5 Hospital Billing and Collection Practices Act, to the extent
6 that there is a conflict between a provision of that Act and a
7 provision of this Part 8, the provision of the Hospital Billing
8 and Collection Practices Act controls.

9 Article 99. Effective Date

10 Section 99-99. Effective date. This Act takes effect
11 January 1, 2006.