

1 AN ACT concerning collection practices.

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

4 Section 1. Short title. This Act may be cited as the Fair
5 Patient Billing Act.

6 Section 5. Purpose; findings.

7 (a) The purpose of this Act is to advance the prompt and
8 accurate payment of health care services through fair and
9 reasonable billing and collection practices of hospitals.

10 (b) The General Assembly finds that:

11 (1) Medical debts are the cause of an increasing number
12 of bankruptcies in Illinois and are typically associated
13 with severe financial hardship incurred by bankrupt
14 persons and their families.

15 (2) Patients, hospitals, and government bodies alike
16 will benefit from clearly articulated standards regarding
17 fair billing and collection practices for all Illinois
18 hospitals.

19 (3) Hospitals should employ responsible standards when
20 collecting debt from their patients.

21 (4) Patients should be provided sufficient billing
22 information from hospitals to determine the accuracy of the
23 bills for which they may be financially responsible.

24 (5) Patients should be given a fair and reasonable
25 opportunity to discuss and assess the accuracy of their
26 bill.

27 (6) Patients should be provided information regarding
28 the hospital's policies regarding financial assistance
29 options the hospital may offer to qualified patients.

30 (7) Hospitals should offer patients the opportunity to
31 enter into a reasonable payment plan for their hospital
32 care.

1 (8) Patients have an obligation to pay for the hospital
2 services they receive.

3 Section 10. Definitions. As used in this Act:

4 "Collection action" means any referral of a bill to a
5 collection agency or law firm to collect payment for services
6 from a patient or a patient's guarantor for hospital services.

7 "Health care plan" means a health insurance company, health
8 maintenance organization, preferred provider arrangement, or
9 third party administrator authorized in this State to issue
10 policies or subscriber contracts or administer those policies
11 and contracts that reimburse for inpatient and outpatient
12 services provided in a hospital. Health care plan, however,
13 does not include any government-funded program such as Medicare
14 or Medicaid, workers' compensation, and accident liability
15 insurers.

16 "Insured patient" means a patient who is insured by a
17 health care plan.

18 "Patient" means the individual receiving services from the
19 hospital and any individual who is the guarantor of the payment
20 for such services.

21 "Reasonable payment plan" means a plan to pay a hospital
22 bill that is offered to the patient or the patient's legal
23 representative and takes into account the patient's available
24 income and assets, the amount owed, and any prior payments.

25 "Uninsured patient" means a patient who is not insured by a
26 health care plan and is not a beneficiary under a
27 government-funded program, workers' compensation, or accident
28 liability insurance.

29 Section 15. Patient notification.

30 (a) Each hospital shall post a sign with the following
31 notice:

32 "You may be eligible for financial assistance under
33 the terms and conditions the hospital offers to qualified
34 patients. For more information contact [hospital financial

1 assistance representative]".

2 (b) The sign under subsection (a) shall be posted
3 conspicuously in the admission and registration areas of the
4 hospital.

5 (c) The sign shall be in English, and in any other language
6 that is the primary language of at least 5% of the patients
7 served by the hospital annually.

8 (d) Each hospital that has a website must post a notice in
9 a prominent place on its website that financial assistance is
10 available at the hospital, a description of the financial
11 assistance application process, and a copy of the financial
12 assistance application.

13 (e) Each hospital must make available information
14 regarding financial assistance from the hospital in the form of
15 either a brochure, an application for financial assistance, or
16 other written material in the hospital admission or
17 registration area.

18 Section 20. Bill information. If a hospital bills a patient
19 for health care services, the hospital shall provide with its
20 bill the following information:

21 (1) the date or dates that health care services were
22 provided to the patient;

23 (2) a brief description of the hospital services;

24 (3) the amount owed for hospital services;

25 (4) hospital contact information for addressing
26 billing inquiries;

27 (5) a statement regarding how an uninsured patient may
28 apply for consideration under the hospital's financial
29 assistance policy on or with each hospital bill sent to an
30 uninsured patient; and

31 (6) notice that the patient may obtain an itemized bill
32 upon request.

33 If a hospital bills a patient, then the hospital must
34 provide an itemized statement of charges for the inpatient and
35 outpatient services rendered by the hospital upon receiving a

1 request from the patient.

2 Section 25. Bill inquiries.

3 (a) A hospital must implement a process for patients to
4 inquire about or dispute a bill. Such process must include a
5 telephone number for billing inquiries and disputes and may
6 include any of the following options:

7 (1) a toll-free telephone number that the patient may
8 call;

9 (2) an address to which he or she may write;

10 (3) a department or identified individual within the
11 hospital he or she may call or write, with appropriate
12 contact information; or

13 (4) a website or e-mail address.

14 (b) All hospital bills and collection notices must provide
15 a telephone number allowing the patient to inquire about or
16 dispute a bill.

17 (c) The hospital must return calls made by patients as
18 promptly as possible, but no later than 2 business days after
19 the call is made. If the hospital's billing inquiry process
20 involves correspondence from the patient, the hospital must
21 respond within 10 business days of receipt of the patient
22 correspondence. For purposes of this Section, "business day"
23 means a day on which the hospital's billing office is open for
24 regular business.

25 Section 30. Pursuing collection action.

26 (a) Hospitals and their agents may pursue collection action
27 against an uninsured patient only if the following conditions
28 are met:

29 (1) The hospital has given the uninsured patient the
30 opportunity to:

31 (A) assess the accuracy of the bill;

32 (B) apply for financial assistance under the
33 hospital's financial assistance policy; and

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

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

7 (3) To the extent the hospital provides financial
8 assistance and the circumstances of the uninsured patient
9 suggest the potential for eligibility for charity care, the
10 uninsured patient has been given at least 60 days following
11 the date of discharge or receipt of outpatient care to
12 submit an application for financial assistance.

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

17 (5) If the uninsured patient informs the hospital that
18 he or she has applied for health care coverage under
19 Medicaid, Kidcare, or other government-sponsored health
20 care program (and there is a reasonable basis to believe
21 that the patient will qualify for such program) but the
22 patient's application is denied.

23 (b) A hospital may not refer a bill, or portion thereof, to
24 a collection agency or attorney for collection action against
25 the insured patient, without first offering the patient the
26 opportunity to request a reasonable payment plan for the amount
27 personally owed by the patient. Such an opportunity shall be
28 made available for the 30 days following the date of the
29 initial bill. If the insured patient requests a reasonable
30 payment plan, but fails to agree to a plan within 30 days of
31 the request, the hospital may proceed with collection action
32 against the patient.

33 (c) No collection agency, law firm, or individual may
34 initiate legal action for non-payment of a hospital bill
35 against a patient without the written approval of an authorized
36 hospital employee who reasonably believes that the conditions

1 for pursuing collection action under this Section have been
2 met.

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

9 Section 35. Collection limitations. The hospital shall not
10 pursue legal action for non-payment of a hospital bill against
11 uninsured patients who have clearly demonstrated that they have
12 neither sufficient income nor assets to meet their financial
13 obligations provided the patient has complied with Section 45
14 of this Act.

15 Section 40. Hospital agents. The hospital must ensure that
16 any external collection agency, law firm, or individual engaged
17 by the hospital to obtain payment of outstanding bills for
18 hospital services agrees in writing to comply with the
19 collections provisions of this Act.

20 Section 45. Patient responsibilities.

21 (a) To receive the protection and benefits of this Act, a
22 patient responsible for paying a hospital bill must act
23 reasonably and cooperate in good faith with the hospital by
24 providing the hospital with all of the reasonably requested
25 financial and other relevant information and documentation
26 needed to determine the patient's eligibility under the
27 hospital's financial assistance policy and reasonable payment
28 plan options to qualified patients within 30 days of a request
29 for such information.

30 (b) To receive the protection and benefits of this Act, a
31 patient responsible for paying a hospital bill shall
32 communicate to the hospital any material change in the
33 patient's financial situation that may affect the patient's

1 ability to abide by the provisions of an agreed upon reasonable
2 payment plan or qualification for financial assistance within
3 30 days of the change.

4 Section 50. Notification concerning out-of-network
5 providers. During the admission or as soon as practicable
6 thereafter, the hospital must provide an insured patient with
7 written notice that:

8 (1) the patient may receive separate bills for services
9 provided by health care professionals affiliated with the
10 hospital;

11 (2) if applicable, some hospital staff members may not
12 be participating providers in the same insurance plans and
13 networks as the hospital;

14 (3) if applicable, the patient may have a greater
15 financial responsibility for services provided by health
16 care professionals at the hospital who are not under
17 contract with the patient's health care plan; and

18 (4) questions about coverage or benefit levels should
19 be directed to the patient's health care plan and the
20 patient's certificate of coverage.

21 Section 55. Enforcement.

22 (a) The Attorney General is responsible for administering
23 and ensuring compliance with this Act, including the
24 development of any rules necessary for the implementation and
25 enforcement of this Act.

26 (b) The Attorney General shall develop and implement a
27 process for receiving and handling complaints from individuals
28 or hospitals regarding possible violations of this Act.

29 (c) The Attorney General may conduct any investigation
30 deemed necessary regarding possible violations of this Act by
31 any hospital including, without limitation, the issuance of
32 subpoenas to: (i) require the hospital to file a statement or
33 report or answer interrogatories in writing as to all
34 information relevant to the alleged violations; (ii) examine

1 under oath any person who possesses knowledge or information
2 directly related to the alleged violations; and (iii) examine
3 any record, book, document, account, or paper necessary to
4 investigate the alleged violation.

5 (d) If the Attorney General determines that there is a
6 reason to believe that any hospital has violated the Act, the
7 Attorney General may bring an action in the name of the People
8 of the State against the hospital to obtain temporary,
9 preliminary, or permanent injunctive relief for any act,
10 policy, or practice by the hospital that violates this Act.
11 Before bringing such an action, the Attorney General may permit
12 the hospital to submit a Correction Plan for the Attorney
13 General's approval.

14 (e) This Section applies if:

15 (i) a court orders a party to make payments to the
16 Attorney General and the payments are to be used for the
17 operations of the Office of the Attorney General; or

18 (ii) a party agrees in a Correction Plan under this
19 Act, to make payments to the Attorney General for the
20 operations of the Office of the Attorney General.

21 (f) Moneys paid under any of the conditions described in
22 (e) shall be deposited into the Attorney General court ordered
23 and Voluntary Compliance Payment Projects Fund. Moneys in the
24 Fund shall be used, subject to appropriation, for the
25 performance of any function pertaining to the exercise of the
26 duties to the Attorney General including, but not limited to,
27 enforcement of any law of this State and conducting public
28 education programs; however, any moneys in the Fund that are
29 required by the court to be used for a particular purpose shall
30 be used for that purpose.

31 (g) The Attorney General may seek the assessment of one or
32 more of the following civil monetary penalties in any action
33 filed under this Act where the hospital knowingly violates the
34 Act:

35 (1) For violations, involving a pattern or practice, of
36 not providing the information to patients under Sections

1 15, 20, 25, and 50, the civil monetary penalty shall not
2 exceed \$500 per violation.

3 (2) For violations involving the failure to engage in
4 or refrain from certain activities under Sections 30, 35
5 and 40, the civil monetary penalty shall not exceed \$1000
6 per violation.

7 (h) In the event a court grants a final order of relief
8 against any hospital for a violation of this Act, the Attorney
9 General may, after all appeal rights have been exhausted, refer
10 the hospital to the Illinois Department of Public Health for
11 possible adverse licensure action under the Hospital Licensing
12 Act.

13 Section 60. Limitations. Nothing in this Act shall be used
14 by any private or public payer as a basis for reducing the
15 third-party payer's rates, policies, or usual and customary
16 charges for any health care service. Nothing in this Act shall
17 be construed as imposing an obligation on a hospital to provide
18 any particular service or treatment to an uninsured patient.
19 Nothing in this Act shall be construed as imposing an
20 obligation on a hospital to file a lawsuit to collect payment
21 on a patient's bill. This Act establishes new and additional
22 legal obligations for all hospitals in the State of Illinois.
23 Nothing in this Act shall be construed as relieving or reducing
24 any hospital of any other obligation under the Illinois
25 Constitution or under any other statute or the common law
26 including, without limitation, obligations of hospitals to
27 furnish financial assistance or community benefits. No
28 provision of this Act shall derogate from the common law or
29 statutory authority of the Attorney General, nor shall any
30 provision be construed as a limitation on the common law or
31 statutory authority of the Attorney General to investigate
32 hospitals or initiate enforcement actions against them
33 including, without limitation, the authority to investigate at
34 any time charitable trusts for the purpose of determining and
35 ascertaining whether they are being administered in accordance

1 with Illinois law and with the terms purposes thereof.

2 Section 70. Application.

3 (a) This Act applies to all hospitals licensed under the
4 Hospital Licensing Act or the University of Illinois Hospital
5 Act. This Act does not apply to a hospital that does not charge
6 for its services.

7 (b) The obligations of hospitals under this Act shall take
8 effect for services provided on or after the first day of the
9 month that begins 180 days after the effective date of this
10 Act.

11 Section 75. Home rule. A home rule unit may not regulate
12 hospitals in a manner inconsistent with the provisions of this
13 Act. This Section is a limitation under subsection (i) of
14 Section 6 of the Article VII of the Illinois Constitution on
15 the concurrent exercise by home rule units of powers and
16 functions exercised by the State.

17 Section 80. Administrative Procedure Act. The Illinois
18 Administrative Procedure Act applies to all rules promulgated
19 by the Attorney General under the Act.

20 Section 999. Effective date. This Act takes effect January
21 1, 2007.