

Medical Debt Cancellation Act Section-by-Section Summary

Senator Bernie Sanders (I-Vt.) & Rep. Ro Khanna (CA-17)

Section 1: Short Title.

Section 2: Creates a federal grant program to cancel all U.S. patient medical debt. Within 1 year of enactment of the Medical Debt Cancellation Act, the Secretary of Health and Human Services (HHS) is required to establish a competitive grant program to cancel medical debt owed by patients to hospitals. Priority is given to cancelling medical debt owed to safety net hospitals, owed by low-income and vulnerable populations, that is 15 months old or less, or that meets other criteria.

Within 2 years of enactment of the Act, the Secretary is required to expand the medical debt cancellation grant program to include medical debt owed to any other additional type of health provider or facility plus any other medical debt held by U.S. patients. Requires HHS to coordinate with relevant Federal agencies and departments, including the Consumer Financial Protection Bureau and the Department of the Treasury. Requires HHS to consult with stakeholders including patient advocates, community-based organizations with experience cancelling medical debt, and health providers. Requires the Secretary to certify that all U.S. medical debt existing prior to the date of enactment of the Act has been eliminated, after which the grant program shall sunset.

Section 3: Amends the Public Health Service Act:

Section 3(a): Updates billing requirements. 45 days prior to the date payment is due, providers must connect patients with available resources, pursuant to charity care, financial assistance policies, and other resources to be compiled by HHS and made available in a public database.

Section 3(b): Updates medical debt collection requirements. Not later than 30 days after a payment is past due, providers must give patients an easy-to understand, itemized billing statement in the language appropriate for the patient, along with a description of the provider's efforts to secure the patient financial assistance. Prevents providers from artificially increasing debt amounts for uninsured patients and prohibits interest rates on past-due payments.

Section 3(c): Prohibits providers from entering into contracts with debt collectors unless they comply with the credit reporting reforms in Section 5 of the Act.

Section 3(d): Requires HHS to establish a Medical Payment Resource List, a publicly available database of Federal, State, and local programs providing financial assistance for health care that is available online and is updated annually.

Section 4: Amends the Fair Debt Collection Practices Act. Prevents debt collectors and creditors from collecting medical debt incurred before the date of enactment and creates a private right of action for any patients harmed in violation.

Section 5: Amends the Consumer Credit Reporting Act. Prevents credit reporting agencies from reporting information related to debt that arose from the receipt of medical services, products, or devices accrued by a consumer. Requires agencies to notify consumers about the removal of such information. Takes effect 30 days after enactment.