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Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Grim and Schmidt

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SUMMARY

- Caps the rate of interest that can be charged for medical debt at 3% annually.
- Prohibits an entity from bringing a proceeding for the collection of wages or other earnings to satisfy medical debt.
- Prohibits a health care provider or a collections agency from reporting any information relative to the nonpayment of medical debt to a consumer reporting agency.

DETAILED ANALYSIS

Overview

Entitled, the “Ohio Medical Debt Fairness Act,” the bill caps the interest rates that can be charged for certain forms of medical debt, prohibits the garnishment of wages to satisfy such debt, and limits how such debt can be reported to credit reporting agencies. “Medical debt” is defined under the bill as an obligation of a consumer to pay an amount for the receipt for health care services, products, or devices, including hospital, surgical, and medical expenses. The terms “health care services, products, or devices” are not defined in the bill.

The bill’s provisions apply to medical debt incurred on or after the bill’s effective date. A debt is “incurred,” for the purposes of the bill, on the date a health care provider or the provider’s designee first sends the consumer, patient guarantor, or third-party payer a bill for the health care services, products, or devices.¹

¹ R.C. 1349.54 and Section 3.

Interest rate cap and garnishment of wages

The bill caps the rate of interest that can be charged on medical debt. This applies to debt generated in relation to a bond, bill, promissory note, or other instrument of writing for the forbearance or payment of money at any future time. It also applies to interest on a judgment, decree, or order for the payment of money rendered in a civil action based on tortious conduct or a contract. In all such situations, the rate of interest is capped at 3% per year.²

The bill prohibits any entity from bringing a proceeding to garnish or collect wages or other personal earnings for the collection of medical debt.³

Credit reporting agencies and credit scores

The bill prohibits health care providers and collection agencies from reporting to a consumer reporting agency any information related to the nonpayment of medical debt incurred for inclusion in a consumer's credit file or credit report. Credit reporting agencies are those entities that are responsible for determining a person's "credit worthiness," often indicating such through what is known as a "credit score." This requirement would apply to all of the following health care providers:

- Hospitals;
- Ambulatory care facilities;
- Pharmacies;
- Emergency facilities;
- Dentist or dental hygienist;
- Registered nurses, including an advanced practice registered nurse, or a licensed practical nurse;
- Optometrists;
- Dispensing opticians, spectacle dispensing opticians, or spectacle-contact lens dispensing opticians;
- Pharmacists;
- Physicians;
- Physician assistants;
- Practitioners of a limited branch of medicine;
- Psychologists;

² R.C. 1343.01(C) and 1343.03(E).

³ R.C. 2716.03(D).

- Chiropractors;
- Hearing aid dealers or fitters;
- Speech-language pathologists or audiologists;
- Occupational therapists or occupational therapy assistants;
- Physical therapist or physical therapy assistants;
- Licensed professional clinical counselors, licensed professional counselors, social workers, independent social workers, independent marriage and family therapists, or marriage and family therapists, or social work assistants;
- Dietitians;
- Respiratory care professionals;
- Emergency medical technician-basics, emergency medical technician-intermediates, or emergency medical technician-paramedics;
- Certified mental health assistants.

Note that this prohibition does not appear to apply to entities that provide medical transportation services, such as air or road ambulances. Accordingly, such entities could still report such information to credit reporting agencies.

If a consumer believes that a health care provider or collection agency has reported the consumer's medical debt to a consumer reporting agency in violation of this prohibition, the consumer is authorized to sue the health care provider or collection agency. If the court hearing the case holds that a violation occurred, the court must order the medical debt or portion of the medical debt reported to a consumer reporting agency to be void. Health care providers and collection agencies are prohibiting from billing or otherwise seeking to recover the medical debt from the consumer or any third-party payer, such as an insurer, following such a holding.⁴

Consumer reporting agencies are prohibited from including in a consumer's credit file or credit report any information related to the nonpayment of medical debt incurred on or after the effective date of the bill. If such information is included in a consumer's credit file or credit report, the consumer reporting agency must remove the information. If the consumer reporting agency fails to remove the information from the credit file or credit report pursuant to the terms of the federal "Fair Credit Reporting Act" within 30 days after discovering or receiving notice of the information, the consumer in question may sue the credit reporting agency to enforce this section. The court may require the consumer reporting agency to remove the information and award the consumer \$10 in damages for each day following the initial 30-day period that the violation persists.⁵

⁴ R.C. 1349.54(B); R.C. 3701.74, not in the bill.

⁵ R.C. 1349.54(C).

HISTORY

| Action | Date |
|------------|----------|
| Introduced | 05-06-25 |
