

1 AN ACT relating to interest on medical debt.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 360 IS CREATED TO
4 READ AS FOLLOWS:

5 **(1) As used in this section, "medical debt" means indebtedness or other obligation**
6 **owed by an individual, or an individual's parent, guardian, or other guarantor,**
7 **for the provision of health care services to the individual.**

8 **(2) The maximum rate of interest on medical debt shall not exceed three percent**
9 **(3%) per annum.**

10 ➔Section 2. KRS 360.020 is amended to read as follows:

11 (1) The taking, receiving, reserving, or charging a rate of interest greater than is
12 allowed by KRS 360.010 **or Section 1 of this Act**, when knowingly done, shall be
13 deemed a forfeiture of the entire interest which the note, bill, or other evidence of
14 debt carries with it, or which has been agreed to be paid thereon. In case the greater
15 rate of interest has been paid, the person by whom it has been paid, or his **or her**
16 legal representatives, may recover, in an action in the nature of an action of debt,
17 twice the amount of the interest thus paid from the creditors taking or receiving the
18 same: provided, that such action is commenced within two (2) years from the time
19 the usurious transaction occurred.

20 (2) Partial payment on a debt bearing interest shall be first applied to the interest then
21 due.

22 ➔Section 3. KRS 360.040 is amended to read as follows:

23 (1) Except as **otherwise** provided in [~~subsections (2), (3), and (4) of]this section:~~[,]~~~~

24 **(a)** A judgment, including a judgment for prejudgment interest, shall bear six
25 percent (6%) interest compounded annually from the date the judgment is
26 entered, **except that when a claim for unliquidated damages is reduced to**
27 **judgment, the judgment may bear less than six percent (6%) interest if the**

1 *court rendering that judgment, after a hearing of which all interested*
 2 *parties received due notice, is satisfied that the rate of interest on the*
 3 *judgment should be less than six percent (6%); and*~~[.]~~

4 **(b)** A judgment may be for the principal and accrued interest.

5 (2) A judgment for unpaid child support payments shall bear twelve percent (12%)
 6 interest compounded annually from the date the judgment is entered.

7 (3) A judgment rendered on a contract, promissory note, or other written obligation
 8 shall bear interest at the interest rate established in that contract, promissory note, or
 9 other written obligation.

10 (4) *A judgment rendered in an action to collect medical debt, as defined in Section 1*
 11 *of this Act, shall bear interest at a rate not to exceed three percent (3%) per*
 12 *annum*~~[When a claim for unliquidated damages is reduced to judgment, such~~
 13 ~~judgment may bear less interest than six percent (6%) if the court rendering such~~
 14 ~~judgment, after a hearing on that question, is satisfied that the rate of interest should~~
 15 ~~be less than six percent (6%). All interested parties must have due notice of said~~
 16 ~~hearing].~~

17 ➔Section 4. KRS 216B.250 is amended to read as follows:

18 (1) For purposes of this section, "paying patient" means persons receiving health care
 19 services who pay directly for services rendered, patients with private health
 20 insurance or health maintenance organization coverage, persons receiving Medicaid
 21 or Medicaid benefits under Title XVIII and Title XIX of the Social Security Act
 22 and persons receiving veteran's health care benefits. "Paying patient" does not
 23 include medically indigent persons with no source of payment whatsoever.

24 (2) (a) When a copy of an itemized statement is requested by any paying patient,
 25 each health facility shall furnish to the patient within thirty (30) days of the
 26 patient's discharge or within fifteen (15) days of the patient's request,
 27 whichever is later, one (1) copy free of charge of the itemized statement of

- 1 services rendered and charges incurred by the patient.
- 2 (b) A summary statement of services rendered and charges incurred by the patient
3 shall be included with the invoice sent by a health facility to the patient. Each
4 invoice shall indicate that an itemized statement may be obtained upon
5 request. The Cabinet for Human Resources shall impose a civil fine of five
6 hundred dollars (\$500) for each violation by a health care facility for failure to
7 provide an itemized statement as required under this section.
- 8 (c) The itemized statement shall be stamped "Kentucky Revised Statutes prohibit
9 the use of this statement for insurance payment purposes where benefits have
10 been assigned."
- 11 (3) Each health facility shall post in a publicly visible place in their admission,
12 outpatient areas, and, where applicable, emergency areas that an itemized statement
13 is available to any paying patient upon request.
- 14 (4) The itemized statement rendered shall:
- 15 (a) Be the record maintained by the health facility that details the charges made
16 for services rendered to patients; ~~and shall~~
- 17 (b) Indicate whether an assignment of benefits has been obtained; and
- 18 (c) *Comply with Section 1 of this Act.*
- 19 (5) Each health facility shall designate and make available appropriate staff to provide,
20 upon patient request, an explanation of charges listed in the itemized statement.
- 21 (6) If a health facility knows of a discrepancy in the total charges as reported in an
22 itemized statement and that which is reported to a third party payor, or at any time
23 that a health facility becomes aware of such a discrepancy, the health facility shall
24 provide the patient and third party payor with notification, an explanation and, if
25 applicable, any reconciliation of the discrepancy in total charges.