CHAPTER 473

CONSUMER AND COMMERCIAL TRANSACTIONS

HOUSE BILL 21-1300

BY REPRESENTATIVE(S) Weissman and Neville, Bernett, Bockenfeld, Exum, Hooton, Jackson, Lontine, Michaelson Jenet, Ortiz, Ricks, Snyder, Valdez A., Van Winkle, Williams, Young, Garnett; also SENATOR(S) Smallwood and Zenzinger, Buckner, Ginal, Gonzales, Moreno, Story.

AN ACT

CONCERNING HEALTH-CARE PROVIDER LIENS RELATED TO CHARGES FOR HEALTH CARE PROVIDED TO A PERSON INJURED AS A RESULT OF THE NEGLIGENCE OR WRONGFUL ACTS OF ANOTHER PERSON.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** article 27.5 to title 38 as follows:

ARTICLE 27.5 Health-care Provider Liens

- **38-27.5-101. Legislative declaration.** (1) The General assembly hereby finds and declares that:
- (a) RESIDENTS OF THE STATE WHO ARE INJURED AS THE RESULT OF THE NEGLIGENCE OR WRONGFUL ACTS OF ANOTHER PERSON SHOULD RECEIVE TIMELY MEDICAL SERVICES AND CARE FOR THEIR INJURIES, EVEN IF THEY HAVE LIMITED OR NO HEALTH INSURANCE;
- (b) Health-care providers sometimes provide medical services and care to injured persons and agree to delay payment for their services in exchange for a lien on any money received as a result of a claim or claims that the injured person asserts against third parties or under an uninsured or underinsured motorist insurance policy;
 - (c) It is in the best interests of the residents of the state to ensure that:

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

- (I) Compensation to an injured person is not reduced merely because a health-care provider assigns or sells such a lien to another person; and
- (II) THE CHARGES UNDERLYING HEALTH-CARE PROVIDER LIENS ARE NOT EXCESSIVE, UNREASONABLE, OR INFLATED AND THAT HEALTH-CARE PROVIDER LIENS ARE NOT SUBJECT TO SURCHARGES, FINANCE CHARGES, INTEREST, OR OTHER INCREASES TO THE AMOUNT OF THE HEALTH-CARE PROVIDER LIEN; AND
- (d) This article 27.5 is intended to encourage health-care providers to promptly treat people who have limited or no health insurance and who have been injured as the result of the negligent or wrongful acts of another person, provide injured persons equal access to health care, and protect injured persons from excessive, unreasonable, or inflated health-care service charges and surcharges associated with health-care provider liens.
- **38-27.5-102. Definitions.** As used in this article 27.5, unless the context otherwise requires:
- (1) "Health-care provider" means a person licensed or certified in the state to practice medicine, pharmacy, chiropractic, nursing, physical therapy, podiatry, dentistry, optometry, occupational therapy, or other healing arts, or an entity directly employing such persons, and any other licensed health-care provider as permitted by the laws of the state.
- (2) "HEALTH-CARE PROVIDER LIEN" MEANS A LIEN CREATED BY A HEALTH-CARE PROVIDER OR ITS ASSIGNEE RELATED TO CHARGES FOR HEALTH-CARE SERVICES GIVEN TO A PERSON INJURED AS A RESULT OF THE NEGLIGENCE OR WRONGFUL ACTS OF ANOTHER PERSON, WHICH IS ASSERTED AGAINST MONEY RECEIVED AS A RESULT OF A CLAIM OR CLAIMS THAT THE INJURED PERSON ASSERTS AGAINST THIRD PARTIES OR UNDER AN UNINSURED OR UNDERINSURED MOTORIST INSURANCE POLICY.
- (3) "NET JUDGMENT, SETTLEMENT, OR PAYMENT" MEANS THE PROCEEDS RECEIVED BY AN INJURED PERSON ON THE INJURED PERSON'S CLAIM OR CLAIMS AGAINST THIRD PARTIES OR UNDER AN UNINSURED OR UNDERINSURED MOTORIST POLICY, AFTER THE REDUCTION OF REASONABLE ATTORNEY FEES AND LITIGATION EXPENSES, IF ANY.
- (4) "USUAL AND CUSTOMARY BILLED CHARGE" MEANS A HEALTH-CARE PROVIDER'S BILLED CHARGE IN THE ABSENCE OF INSURANCE FOR A SERVICE THAT IS SIMILAR TO THE BILLED CHARGES FOR LIKE SERVICES PROVIDED BY OTHER HEALTH-CARE PROVIDERS IN THE SAME GEOGRAPHIC AREA.
- **38-27.5-103.** Assignment of health-care provider liens not admissible as evidence. (1) A health-care provider claiming a health-care provider lien under this article 27.5 may assign, in writing, a health-care provider lien to any other person or entity. An assignee of a health-care provider lien has all the rights and remedies of the health-care provider and is subject to the restrictions and obligations of the health-care provider under

THIS ARTICLE 27.5.

- (2) EXCEPT IN AN ACTION UNDER THE "UNIFORM CONSUMER CREDIT CODE", ARTICLE 1 OF TITLE 5, ANY AMOUNT PAID BY AN ASSIGNEE OF A HEALTH-CARE PROVIDER LIEN FOR THE ASSIGNMENT, THE FACT OF THE ASSIGNMENT, AND THE TERMS OF THE ASSIGNMENT ARE NOT DISCOVERABLE OR ADMISSIBLE AS EVIDENCE IN ANY CIVIL ACTION OR CLAIM THAT THE INJURED PERSON ASSERTS AGAINST THIRD PARTIES OR UNDER AN UNINSURED OR UNDERINSURED MOTORIST INSURANCE POLICY FOR ANY PURPOSE, INCLUDING AS EVIDENCE OF THE REASONABLE VALUE OF A HEALTH-CARE PROVIDER'S SERVICES.
- (3) AN INJURED PERSON TREATED ON A HEALTH-CARE PROVIDER LIEN BASIS MAY NOT SEEK TO RECOVER, AS THE COST OF MEDICAL SERVICES OR TREATMENT, MORE THAN THE HEALTH-CARE PROVIDER'S USUAL AND CUSTOMARY BILLED CHARGES.
- (4) Amounts awarded for medical bills subject to a health-care provider lien shall not be subject to offset or reduction in any post-verdict proceeding under section 13-21-111.6.
- (5) This section only applies to a claim or claims an injured party asserts against third parties or under an uninsured or underinsured motorist insurance policy involving a medical lien and has no other application or effect regarding compensation paid to health-care providers.
- **38-27.5-104.** Health-care provider lien disclosures to injured person. (1) Before a health-care provider lien is created, a health-care provider or its assignee shall make the following disclosures and advisements to the injured person:
- (a) That the following are potential methods for payment of a health-care provider's billed charges:
 - (I) THE CREATION OF A HEALTH-CARE PROVIDER LIEN;
- (II) The use of benefits available from any payer of benefits as defined in section 38-27-101 (9) to which the injured person is a beneficiary, including that the injured party can obtain information about the payer of benefits' network from the payer of benefits or the health-care provider;
- (III) ANY OTHER PAYMENT METHOD OR ARRANGEMENT AGREED TO IN WRITING BY BOTH THE HEALTH-CARE PROVIDER OR ITS ASSIGNEE AND THE INJURED PERSON; OR
- (IV) A COMBINATION OF THE PAYMENT METHODS SPECIFIED IN SUBSECTIONS (1)(a)(I) to (1)(a)(III) of this section;
- (b) That the health-care provider or its assignee is not a health insurer or payer of benefits;

- (c) That, except in the event of fraud or misrepresentation by the injured person:
- (I) If the injured person does not receive a judgment, settlement, or payment on the injured person's claim against third parties or under an uninsured or underinsured motorist policy, the injured person is not liable to the holder of the health-care provider lien for any portion of the health-care provider lien;
- (II) If the injured person receives a net judgment, settlement, or payment that is less than the full amount of the health-care provider lien, the injured person is not liable to the holder of the health-care provider lien for any amount beyond the net judgment, settlement, or payment, and the holder of the health-care provider lien may not file a complaint or counterclaim against the injured person directly to be reimbursed for any amount beyond the net judgment, settlement, or payment. Nothing in this section prevents a health-care provider or its assignee from initiating a declaratory judgment action or participating in an interpleader action or claim pursuant to the Colorado rules of civil procedure, or any other similar action or claim, to determine the health-care provider's or its assignee's share of the injured person's net judgment, settlement, or payment.
- (III) THE HEALTH-CARE PROVIDER OR ITS ASSIGNEE MAY NOT ASSIGN A HEALTH-CARE PROVIDER LIEN TO A COLLECTION AGENCY OR DEBT COLLECTOR;
- (d) That a health-care provider's assignee's compensation from the injured person is based on the difference between the health-care provider's usual and customary billed charge and the amount that the assignee pays to purchase the health-care provider lien;
- (e) Of any common ownership interest between the holder of the health-care provider lien and the injured person's legal counsel;
- (f) Of any common ownership interest between the assignee of a health-care provider lien and any health-care provider who is providing treatment or who may provide treatment to the injured person under the terms of the health-care provider lien; and
- (g) That if the injured person has obtained health insurance even after a health-care provider lien has been created, and the injured person or the injured person's legal counsel so informs the holder of the health-care provider lien, all future care may be billed to the health insurance carrier at the injured person's discretion.
- (2) Nothing in this section changes any obligation of the health-care provider or its agents under the "Colorado Medical Assistance Act", articles 4 to 6 of title 25.5.
- (3) Upon request by the injured person or the injured person's legal counsel, the holder of a health-care provider lien shall provide in

WRITING TO THE INJURED PERSON AN ITEMIZED STATEMENT OF ALL THE BILLED CHARGES FOR TREATMENT COMPRISING THE TOTAL VALUE OF THE HEALTH-CARE PROVIDER LIEN AS THE BILLED CHARGES ARE ACCRUED, TO THE EXTENT PRACTICABLE, AND WHEN THE HEALTH-CARE PROVIDER LIEN IS FINAL. THE FINAL ITEMIZED STATEMENT MUST INCLUDE A SUMMARY OF ALL TREATMENTS PROVIDED, THE TOTAL AMOUNTS BILLED FOR EACH TREATMENT, AND THE TOTAL AMOUNT OF THE HEALTH-CARE PROVIDER LIEN DUE AND OWING.

- **38-27.5-105. Health-care provider lien limitations.** (1) The amount of a health-care provider lien must not exceed the charges for services provided to the injured person by the health-care provider at the time of service at a rate equal to the health-care provider's usual and customary billed charge.
- (2) A HEALTH-CARE PROVIDER OR ITS ASSIGNEE SHALL NOT ADD A FINANCE CHARGE, AS DEFINED IN SECTION 5-1-301 (20), TO THE HEALTH-CARE PROVIDER'S USUAL AND CUSTOMARY BILLED CHARGES OR OTHERWISE INCREASE THE AMOUNT OF A HEALTH-CARE PROVIDER'S USUAL AND CUSTOMARY BILLED CHARGE WHEN CREATING OR CLAIMING A HEALTH-CARE PROVIDER LIEN. THE INJURED PERSON IS ONLY OBLIGATED TO PAY THE HEALTH-CARE PROVIDER OR ITS ASSIGNEE THE AMOUNT OF THE HEALTH-CARE PROVIDER LIEN.
- (3) A HEALTH-CARE PROVIDER WHO CREATES, HOLDS, OR CLAIMS A HEALTH-CARE PROVIDER LIEN UNDER THIS ARTICLE 27.5, OR AN ASSIGNEE WHO PURCHASES THE HEALTH-CARE PROVIDER LIEN, DOES NOT PAY OR REIMBURSE HEALTH-CARE EXPENSES OR SERVICES AND IS NOT A PAYER OF BENEFITS.
 - (4) IN THE ABSENCE OF FRAUD OR MISREPRESENTATION BY THE INJURED PERSON:
- (a) If the injured person does not receive a judgment, settlement, or payment on the injured person's claim against third parties or under an uninsured or underinsured motorist insurance policy, the injured person is not liable to the holder of a health-care provider lien for any portion of the health-care provider lien;
- (b) If the injured person receives a net judgment, settlement, or payment that is less than the full amount of the health-care provider lien, the injured person is not liable to the holder of the health-care provider lien for any amount beyond the net judgment, settlement, or payment, and the holder of the health-care provider lien may not file a complaint or counterclaim against the injured person directly to be reimbursed for any amount beyond the net judgment, settlement, or payment. Nothing in this section prevents a health-care provider or its assignee from initiating a declaratory judgment action or participating in an interpleader action or claim pursuant to the Colorado rules of civil procedure, or any other similar action or claim, to determine the health-care provider's or its assignee's share of the injured person's net judgment, settlement, or payment.
- (c) The health-care provider or its assignee shall not assign a health-care provider lien to a collection agency or debt collector.

- (5) This section does not deem a holder of a health-care provider lien to be a real party in interest.
- (6) (a) A HEALTH-CARE PROVIDER OR ITS ASSIGNEE MUST COMPLY WITH THE PROVISIONS OF THIS SECTION TO HAVE A VALID HEALTH-CARE PROVIDER LIEN UNDER THIS ARTICLE 27.5. IF A COURT OF COMPETENT JURISDICTION DETERMINES THAT A HEALTH-CARE PROVIDER OR ITS ASSIGNEE KNOWINGLY FAILED TO COMPLY WITH THE PROVISIONS OF THIS SECTION, THE INJURED PERSON MAY SEEK A RULING FROM THE COURT CONCERNING WHAT PORTIONS OF THE HEALTH-CARE PROVIDER LIEN, IF ANY, THE HEALTH-CARE PROVIDER OR ITS ASSIGNEE MAY NOT RECOVER FROM THE INJURED PERSON DUE TO A WHOLLY OR PARTIALLY INVALID HEALTH-CARE PROVIDER LIEN.
- (b) Subsections (3), (4), and (5) of this section continue to apply to a health-care provider lien determined to be wholly or partially invalid under this subsection (6).
- **38-27.5-106. No impact on hospital liens.** This article 27.5 does not change, modify, or amend the provisions of section 38-27-101.
- **38-27.5-107. Dispute resolution standing.** A person or entity against whom the injured person asserts a civil action or claim that includes a request for damages related to health-care services or treatment provided under a health-care provider lien does not have standing to challenge a health-care provider's or its assignee's compliance with this article 27.5, whether in the civil action or claim asserted by the injured person or in a separate civil action.
- **38-27.5-108.** Priority of health-care provider liens. (1) The holder of a health-care provider lien may file a record of its health-care provider lien by following the provisions set forth in the "Colorado Statutory Lien Registration Act", article 9.7 of title 4, including listing the name and address of the injured person, the date of the accident or incident, the name and address of the holder of the health-care provider lien, and the name and address of each health-care provider that rendered health-care services underlying the health-care provider lien.
- (2) In the event multiple health-care provider liens are asserted against an injured person's net judgment, settlement, or payment, health-care provider liens for which records were filed pursuant to article 9.7 of title 4 shall have priority for payment out of the injured person's net judgment, settlement, or payment before payments are made on health-care provider liens for which no such records were filed. In the event multiple records have been filed pursuant to article 9.7 of title 4 for health-care provider liens related to a single accident or incident, priority for payment out of the injured person's net judgment, settlement, or payment on each such lien shall be determined by the dates the records were filed, with the health-care provider lien having the earliest filed record receiving priority over those with subsequently filed records.

- (3) FILING A RECORD OF A HEALTH-CARE PROVIDER LIEN UNDER THIS SECTION IS OPTIONAL AND THE SOLE PURPOSE THEREOF IS TO ESTABLISH THE PRIORITY OF PAYMENTS BETWEEN MULTIPLE HEALTH-CARE PROVIDER LIENS. FILING A RECORD OF A HEALTH-CARE PROVIDER LIEN PURSUANT TO ARTICLE 9.7 OF TITLE 4 DOES NOT WAIVE ANY OF THE STATUTORY PROVISIONS ESTABLISHED IN THIS ARTICLE 27.5.
- **SECTION 2.** Act subject to petition effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2022 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: July 7, 2021