

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 23-0042.01 Richard Sweetman x4333

HOUSE BILL 23-1126

HOUSE SPONSORSHIP

Ricks and Weinberg, Amabile, Bacon, Bird, Boesenecker, Brown, deGruy Kennedy, Dickson, Duran, English, Froelich, Garcia, Jodeh, Lindsay, Mabrey, McCluskie, McCormick, Michaelson Jenet, Sharbini, Sirota, Snyder, Titone, Valdez, Velasco, Weissman, Willford, Woodrow

SENATE SPONSORSHIP

Exum, Buckner, Coleman, Cutter, Danielson, Fields, Gonzales, Hinrichsen, Kolker, Marchman, Moreno, Mullica, Priola, Rodriguez, Sullivan

House Committees
Business Affairs & Labor

Senate Committees
Business, Labor, & Technology

SENATE
Amended 3rd Reading
March 31, 2023

A BILL FOR AN ACT

101 **CONCERNING THE INCLUSION OF CERTAIN ITEMS OF INFORMATION IN**
102 **CONSUMER REPORTS, AND, IN CONNECTION THEREWITH,**
103 **PROHIBITING THE REPORTING OF MEDICAL DEBT INFORMATION**
104 **BY CONSUMER REPORTING AGENCIES, PROHIBITING DEBT**
105 **COLLECTORS AND COLLECTION AGENCIES FROM FALSELY**
106 **REPRESENTING THAT MEDICAL DEBT INFORMATION WILL BE**
107 **INCLUDED IN A CONSUMER REPORT OR FAILING TO TIMELY**
108 **DISCLOSE THAT, WITH CERTAIN EXCEPTIONS, MEDICAL DEBT**
109 **WILL NOT BE INCLUDED IN A CONSUMER REPORT, AND, MAKING**
110 **AN APPROPRIATION.**

SENATE
Amended 2nd Reading
March 23, 2023

HOUSE
3rd Reading Unamended
February 28, 2023

Bill Summary

(Note: This summary applies to this bill as introduced and does

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

HOUSE
Amended 2nd Reading
February 27, 2023

not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Section 1 of the bill defines "medical debt" as any obligation or alleged obligation of a consumer to pay any amount whatsoever arising from the receipt of health-care goods or services.

Current law prohibits a consumer reporting agency from making any consumer report containing any of certain items of information. However, this prohibition does not apply to:

- A credit transaction involving, or that may reasonably be expected to involve, a principal amount of \$150,000 or more; or
- The underwriting of life insurance involving, or that may reasonably be expected to involve, a face amount of \$150,000 or more.

Section 2 eliminates both of these exceptions to the prohibition and substitutes a new exception, which applies to a credit transaction involving, or that may reasonably be expected to involve, a principal amount that exceeds the national conforming loan limit value determined annually by the federal housing finance agency. **Section 2** also prohibits a consumer reporting agency from making any consumer report containing any information concerning medical debt.

Section 3 prohibits a debt collector or collection agency, when attempting to collect medical debt or to obtain information about a consumer in relation to an attempt to collect medical debt from:

- Making a false or misleading representation that the medical debt will be included in a consumer report or factored into a consumer's credit score; or
- Failing to disclose that the medical debt will not be included in a consumer report and therefore not factored into a consumer's credit score.

The bill makes exceptions to these prohibitions when the information is used in connection with a credit transaction involving, or that may reasonably be expected to involve, a principal amount that exceeds the national conforming loan limit value determined annually by the federal housing finance agency.

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

2 **SECTION 1.** In Colorado Revised Statutes, 5-18-103, **add** (11.5)

3 as follows:

1 **5-18-103. Definitions.** As used in this article 18, unless the
2 context otherwise requires:

3 (11.5) "MEDICAL DEBT" MEANS DEBT ARISING FROM HEALTH-CARE
4 SERVICES, AS DEFINED IN SECTION 10-16-102 (33), OR HEALTH-CARE
5 GOODS, INCLUDING PRODUCTS, DEVICES, DURABLE MEDICAL EQUIPMENT,
6 AND PRESCRIPTION DRUGS. "MEDICAL DEBT" DOES NOT INCLUDE DEBT
7 CHARGED TO A CREDIT CARD UNLESS THE CREDIT CARD IS ISSUED UNDER
8 AN OPEN-END OR CLOSED-END CREDIT PLAN OFFERED SPECIFICALLY FOR
9 THE PAYMENT OF HEALTH-CARE SERVICES OR HEALTH-CARE GOODS.

10 **SECTION 2.** In Colorado Revised Statutes, 5-18-109, **amend** (1)
11 introductory portion, (1)(f), and (2); and **add** (1)(g) and (6) as follows:

12 **5-18-109. Reporting of information prohibited - exceptions -**
13 **repeal.** (1) Except as authorized under subsection (2) of this section, ~~no~~
14 A consumer reporting agency shall NOT make any consumer report
15 containing any of the following items of information:

16 (f) (I) Any other adverse item of information that predates the
17 report by more than seven years. THE CONSUMER REPORTING AGENCY
18 KNOWS OR SHOULD KNOW CONCERNS MEDICAL DEBT.

19 (II) THIS SUBSECTION (1)(f) IS REPEALED, EFFECTIVE JULY 1, 2028.

20 (g) ANY OTHER ADVERSE ITEM OF INFORMATION THAT PREDATES
21 THE REPORT BY MORE THAN SEVEN YEARS.

22 (2) The provisions of subsection (1) of this section do not apply
23 to the case of any consumer report to be used in connection with A CREDIT
24 TRANSACTION INVOLVING, OR THAT MAY REASONABLY BE EXPECTED TO
25 INVOLVE, A PRINCIPAL AMOUNT THAT EXCEEDS THE NATIONAL
26 CONFORMING LOAN LIMIT VALUE FOR A ONE-UNIT PROPERTY AS
27 DETERMINED ANNUALLY BY THE FEDERAL HOUSING FINANCE AGENCY.

1 ~~(a) A credit transaction involving, or that may reasonably be~~
2 ~~expected to involve, a principal amount of one hundred fifty thousand~~
3 ~~dollars or more; or~~

4 ~~(b) The underwriting of life insurance involving, or that may~~
5 ~~reasonably be expected to involve, a face amount of one hundred fifty~~
6 ~~thousand dollars or more.~~

7 ~~(c) (Deleted by amendment, L. 2022.)~~

8 (6)(a) THE DEPARTMENT OF REVENUE SHALL CONTRACT WITH ONE
9 OR MORE ENTITIES TO CONDUCT A STUDY TO CONSIDER THE IMPACT OF
10 SUBSECTION (1)(f) OF THIS SECTION ON CONSUMERS' CREDITWORTHINESS,
11 ACCESS TO CREDIT, MEDICAL DEBT BURDEN, AND ECONOMIC STABILITY,
12 INCLUDING CONSIDERATION OF THE IMPACTS OF SUBSECTION (1)(f) OF THIS
13 SECTION ON PERSONS OF DIFFERENT RACIAL GROUPS AND INCOME LEVELS.
14 ON OR BEFORE JANUARY 1, 2028, THE DEPARTMENT OF REVENUE SHALL
15 DELIVER THE CONCLUSIONS OF THE STUDY TO THE BUSINESS AFFAIRS AND
16 LABOR COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE
17 BUSINESS, LABOR, AND TECHNOLOGY COMMITTEE OF THE SENATE, OR TO
18 ANY SUCCESSOR COMMITTEES.

19 (b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE JULY 1, 2028.

20 **SECTION 3.** In Colorado Revised Statutes, 5-16-107, **amend** (1)
21 introductory portion; and **add** (1)(r) as follows:

22 **5-16-107. False or misleading representations - repeal.** (1) A
23 debt collector or collection agency shall not use any false, deceptive, or
24 misleading representation or means in connection with the collection of
25 any debt, including ~~but not limited to~~, the following conduct:

26 (r) (I) WHEN ATTEMPTING TO COLLECT DEBT THAT THE DEBT
27 COLLECTOR OR COLLECTION AGENCY KNOWS _____ IS MEDICAL DEBT, AS

1 DEFINED IN SECTION 5-18-103 (11.5), OR TO OBTAIN INFORMATION ABOUT
2 A CONSUMER IN RELATION TO AN ATTEMPT TO COLLECT MEDICAL DEBT,
3 MAKE A FALSE, DECEPTIVE, OR MISLEADING REPRESENTATION THAT THE
4 MEDICAL DEBT WILL BE INCLUDED IN A CONSUMER REPORT, AS DEFINED IN
5 SECTION 5-18-103 (3), OR FACTORED INTO A CONSUMER'S CREDIT SCORE,
6 AS DEFINED IN SECTION 5-18-107 (4), UNLESS THE CONSUMER REPORT IS
7 TO BE USED IN CONNECTION WITH A CREDIT TRANSACTION THAT INVOLVES,
8 OR THAT MAY REASONABLY BE EXPECTED TO INVOLVE, A PRINCIPAL
9 AMOUNT THAT EXCEEDS THE NATIONAL CONFORMING LOAN LIMIT VALUE
10 FOR A ONE-UNIT PROPERTY AS DETERMINED BY THE FEDERAL HOUSING
11 FINANCE AUTHORITY.

12 (II) THIS SUBSECTION (1)(r) IS REPEALED, EFFECTIVE JULY 1, 2028.

13 **SECTION 4.** In Colorado Revised Statutes, 5-16-105, **add** (3)(e)
14 as follows:

15 **5-16-105. Communication in connection with debt collection**
16 **- definition - repeal.** (3) (e)(I) IN ITS INITIAL WRITTEN COMMUNICATION
17 TO A CONSUMER, A DEBT COLLECTOR OR COLLECTION AGENCY SHALL
18 INCLUDE THE FOLLOWING STATEMENT: "COLORADO LAW PROHIBITS
19 CREDIT BUREAUS FROM REPORTING MEDICAL DEBT OR FACTORING
20 MEDICAL DEBT INTO A CREDIT SCORE UNLESS THE CONSUMER REPORT IS TO
21 BE USED IN CONNECTION WITH A CREDIT TRANSACTION THAT INVOLVES, OR
22 THAT MAY REASONABLY BE EXPECTED TO INVOLVE, A PRINCIPAL AMOUNT
23 THAT EXCEEDS THE NATIONAL CONFORMING LOAN LIMIT VALUE FOR A
24 ONE-UNIT PROPERTY AS DETERMINED BY THE FEDERAL HOUSING FINANCE
25 AUTHORITY.

26 (II) THIS SUBSECTION (3)(e) IS REPEALED, EFFECTIVE JULY 1, 2028.

27 ■

1 **SECTION 5. Appropriation.** For the 2023-24 state fiscal year,
2 \$200,000 is appropriated to the department of revenue for use by the
3 executive director's office. This appropriation is from the general fund.
4 To implement this act, the office may use this appropriation for personal
5 services. Any money appropriated in this section not expended prior to
6 July 1, 2023, is further appropriated to the office until fully expended or
7 the 2026-27 state fiscal year for the same purpose.

8 **SECTION 6. Act subject to petition - effective date -**
9 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
10 the expiration of the ninety-day period after final adjournment of the
11 general assembly; except that, if a referendum petition is filed pursuant
12 to section 1 (3) of article V of the state constitution against this act or an
13 item, section, or part of this act within such period, then the act, item,
14 section, or part will not take effect unless approved by the people at the
15 general election to be held in November 2024 and, in such case, will take
16 effect on the date of the official declaration of the vote thereon by the
17 governor.

18 (2) This act applies to conduct occurring on or after the applicable
19 effective date of this act.