

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

REVISED

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

LLS NO. 23-0042.01 Richard Sweetman x4333

HOUSE BILL 23-1126

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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 AND 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.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that

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.

SENATE
Amended 2nd Reading
March 23, 2023

HOUSE
3rd Reading Unamended
February 28, 2023

HOUSE
Amended 2nd Reading
February 27, 2023

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:

4 **5-18-103. Definitions.** As used in this article 18, unless the

1 context otherwise requires:

2 (11.5) "MEDICAL DEBT" MEANS DEBT ARISING FROM HEALTH-CARE
3 SERVICES, AS DEFINED IN SECTION 10-16-102 (33), OR HEALTH-CARE
4 GOODS, INCLUDING PRODUCTS, DEVICES, DURABLE MEDICAL EQUIPMENT,
5 AND PRESCRIPTION DRUGS. "MEDICAL DEBT" DOES NOT INCLUDE DEBT
6 CHARGED TO A CREDIT CARD UNLESS THE CREDIT CARD IS ISSUED UNDER
7 AN OPEN-END OR CLOSED-END CREDIT PLAN OFFERED SPECIFICALLY FOR
8 THE PAYMENT OF HEALTH-CARE SERVICES OR HEALTH-CARE GOODS.

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

11 **5-18-109. Reporting of information prohibited - exceptions.**

12 (1) Except as authorized under subsection (2) of this section, ~~no~~ A
13 consumer reporting agency shall NOT make any consumer report
14 containing any of the following items of information:

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

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

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

26 ~~(a) A credit transaction involving, or that may reasonably be~~
27 ~~expected to involve, a principal amount of one hundred fifty thousand~~

1 ~~dollars or more; or~~

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

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

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

8 **5-16-107. False or misleading representations.** (1) A debt
9 collector or collection agency shall not use any false, deceptive, or
10 misleading representation or means in connection with the collection of
11 any debt, including ~~but not limited to~~, the following conduct:

12 (r) WHEN ATTEMPTING TO COLLECT DEBT THAT THE DEBT
13 COLLECTOR OR COLLECTION AGENCY KNOWS _____ IS MEDICAL DEBT, AS
14 DEFINED IN SECTION 5-18-103 (11.5), OR TO OBTAIN INFORMATION ABOUT
15 A CONSUMER IN RELATION TO AN ATTEMPT TO COLLECT MEDICAL DEBT,
16 MAKE A FALSE, DECEPTIVE, OR MISLEADING REPRESENTATION THAT THE
17 MEDICAL DEBT WILL BE INCLUDED IN A CONSUMER REPORT, AS DEFINED IN
18 SECTION 5-18-103 (3), OR FACTORED INTO A CONSUMER'S CREDIT SCORE,
19 AS DEFINED IN SECTION 5-18-107 (4), UNLESS THE CONSUMER REPORT IS
20 TO BE USED IN CONNECTION WITH A CREDIT TRANSACTION THAT INVOLVES,
21 OR THAT MAY REASONABLY BE EXPECTED TO INVOLVE, A PRINCIPAL
22 AMOUNT THAT EXCEEDS THE NATIONAL CONFORMING LOAN LIMIT VALUE
23 FOR A ONE-UNIT PROPERTY AS DETERMINED BY THE FEDERAL HOUSING
24 FINANCE AUTHORITY.

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

27 **5-16-105. Communication in connection with debt collection**

1 - **definition.** (3) (e) IN ITS INITIAL WRITTEN COMMUNICATION TO A
2 CONSUMER, A DEBT COLLECTOR OR COLLECTION AGENCY SHALL INCLUDE
3 THE FOLLOWING STATEMENT: "COLORADO LAW PROHIBITS CREDIT
4 BUREAUS FROM REPORTING MEDICAL DEBT OR FACTORING MEDICAL DEBT
5 INTO A CREDIT SCORE UNLESS THE CONSUMER REPORT IS TO BE USED IN
6 CONNECTION WITH A CREDIT TRANSACTION THAT INVOLVES, OR THAT MAY
7 REASONABLY BE EXPECTED TO INVOLVE, A PRINCIPAL AMOUNT THAT
8 EXCEEDS THE NATIONAL CONFORMING LOAN LIMIT VALUE FOR A ONE-UNIT
9 PROPERTY AS DETERMINED BY THE FEDERAL HOUSING FINANCE
10 AUTHORITY.

11 **SECTION 5. Act subject to petition - effective date -**
12 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
13 the expiration of the ninety-day period after final adjournment of the
14 general assembly; except that, if a referendum petition is filed pursuant
15 to section 1 (3) of article V of the state constitution against this act or an
16 item, section, or part of this act within such period, then the act, item,
17 section, or part will not take effect unless approved by the people at the
18 general election to be held in November 2024 and, in such case, will take
19 effect on the date of the official declaration of the vote thereon by the
20 governor.

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