

Medical Financing Disclosure Bill Introduced in Illinois

Services

Consumer Financial Services
Healthcare Providers

On October 18, a bill was introduced in the Illinois legislature that, if enacted, would require medical providers to provide certain disclosures to patients when referring them to third-party medical financing plans. If passed, the Medical Financing Disclosure Act would require medical providers to begin making the required disclosures on January 1, 2025.

Industry

Healthcare

Overview of the bill

As currently written, Illinois House Bill 4174 places disclosure requirements on medical providers who refer patients to third-party medical financing plans. The bill defines “third-party medical financing plan” to include any medical financing plan, such as a medical credit card offering a structured installment loan plan that is offered by a private entity that is unaffiliated with the referring medical provider or any government entity. Notably, the bill does not define “medical provider” or “patient.”

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When referring a patient to third-party medical financing plans, a medical provider would be required to disclose, if applicable, that the third-party entity providing the medical financing plan is unaffiliated with the medical provider and a government entity; and the relevant terms of the medical financing plan. According to the bill, the “relevant terms” of the medical financing plan include, at a minimum, the following:

- The offered APR for the financing plan and whether the APR is based on a prospective patient’s credit score;

- Down payments or fees associated with the plan;

- The medical services covered by the plan;

- Relevant term lengths;

The length of any promotional period, such as deferred interest, and the interest and fees that will be charged once the promotional period has concluded; and

Any applicable credit limit.

At this juncture, the bill is silent on when a medical provider must provide the required disclosure to the patient. The bill's scope and requirements could evolve as the bill makes its way through the Illinois legislature.

Increased focus on medical financing

By placing disclosure requirements on medical providers instead of medical creditors, the Illinois bill creates an indirect regulation on medical financing. The Illinois bill has been introduced at a time when medical financing programs are under increased scrutiny by the Consumer Financial Protection Bureau (CFPB), as part of the Biden administration's efforts to address rising healthcare costs for Americans. In July 2023, the CFPB issued a request for information on medical payment products. In September, the CFPB revealed that part of its Regulation V rulemaking efforts may include limiting creditors' use of medical debt information in credit underwriting and medical debt information in consumer reports. In a June speech, Director Rohit Chopra urged medical providers to increase their awareness and understanding of how medical financing products may impact their patients.

Contact us

We have been tracking the increased scrutiny on medical financing products and regularly advise medical financing programs on federal and multi-state compliance. Contact Susan Seaman, Catherine Albrecht-Wiese, or your Husch Blackwell attorney if you have questions on this Illinois bill or other medical financing regulations.