

SENATE BILL NO. 451

June 26, 2025, Introduced by Senators ANTHONY, BAYER, MCMORROW, GEISS, POLEHANKI, MCBROOM, CHANG, CAVANAGH, CAMILLERI and MOSS and referred to Committee on Health Policy.

A bill to prohibit consumer reporting agencies from including certain information related to medical debt in consumer reports; to establish standards for the collection of medical debt; and to provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1. This act may be cited as the "medical debt act".
- 2 Sec. 3. As used in this act:
- 3 (a) "Collection agency" means that term as defined in section
- 4 901 of the occupational code, 1980 PA 299, MCL 339.901.

1 (b) "Consumer" means a resident of this state.

2 (c) "Consumer report" means a written, oral, or other
3 communication or any information by a consumer reporting agency
4 that relates to a consumer's creditworthiness, credit standing,
5 credit capacity, debts, character, general reputation, personal
6 characteristics, or mode of living, that is used or expected to be
7 used or collected, in whole or in part, as a factor to establish a
8 consumer's eligibility for credit or insurance for personal,
9 family, or household purposes, an employment purpose, or any other
10 purpose authorized under the fair credit reporting act, 15 USC 1681
11 to 1681x. Consumer report does not include any of the following:

12 (i) A report that contains information that relates only to a
13 transaction between the consumer and the person making the report.

14 (ii) An authorization or approval of a specific extension of
15 credit directly or indirectly by the issuer of a credit card or
16 similar device.

17 (iii) A report in which a person that has been requested by a
18 third party to make a specific extension of credit directly or
19 indirectly to a consumer conveys a decision with respect to the
20 request, if the third party advises the consumer of the name and
21 address of the person that the request was made to and the person
22 makes any disclosure required under the fair credit reporting act,
23 15 USC 1681 to 1681x, to the consumer.

24 (d) "Consumer reporting agency" means a person that, for
25 monetary fees, for dues, or on a cooperative nonprofit basis,
26 regularly engages, in whole or in part, in the practice of
27 assembling or evaluating consumer credit information or other
28 information on consumers for the purpose of furnishing consumer
29 reports to third parties. Consumer reporting agency does not

1 include a business entity that provides only check verification or
2 check guarantee services.

3 (e) "Creditworthiness" means an entry in a consumer's credit
4 file that impacts the ability of a consumer to obtain and retain
5 credit, employment, business or professional licenses, investment
6 opportunities, or insurance, including, but not limited to, entries
7 related to payment information, defaults, judgments, liens,
8 bankruptcies, collections, records of arrest and indictments, and
9 multiple-credit inquiries.

10 (f) "Employment purpose" means the purpose of evaluating a
11 consumer for employment, promotion, reassignment, or retention as
12 an employee.

13 (g) "File" means all of the information on the consumer that
14 is recorded and retained by a consumer reporting agency, regardless
15 of how the information is stored.

16 (h) "Health care good" includes, but is not limited to, a
17 medical product, a medical device, any durable medical equipment,
18 or a prescription drug.

19 (i) "Health care service" means any of the following:

20 (i) A service included in or incidental to the furnishing of
21 any medical, behavioral, mental health, substance use disorder,
22 nursing home, dental, or optometric care.

23 (ii) A service included in or incidental to hospitalization.

24 (iii) A service furnished to an individual for the purpose of
25 preventing, alleviating, curing, or healing human physical illness
26 or injury, or behavioral, mental health, or substance use disorder.

27 (j) "Medical debt" means a debt arising from a health care
28 service or health care good. Medical debt does not include debt
29 charged to a credit card unless the credit card is issued under an

1 open-end or closed-end credit plan offered specifically for the
2 payment of a health care service or health care good.

3 Sec. 5. (1) Except as otherwise provided in subsection (2), a
4 consumer reporting agency shall not make a consumer report that
5 contains an adverse item of information that the consumer reporting
6 agency knows or should know concerns medical debt.

7 (2) Subsection (1) does not apply to a consumer report that
8 will be used in connection with a credit transaction involving, or
9 that may reasonably be expected to involve, a principal amount that
10 exceeds the national conforming loan limit value for a 1-unit
11 property, as determined annually by the Federal Housing Finance
12 Authority.

13 Sec. 9. A collection agency, when attempting to collect debt
14 that the collection agency knows is medical debt, or when
15 attempting to obtain information about a consumer related to the
16 collection of medical debt, shall not represent that the medical
17 debt information will be included in a consumer report, unless the
18 consumer report will be used in connection with a credit
19 transaction that involves, or that may reasonably be expected to
20 involve, a principal amount that exceeds the national conforming
21 loan limit value for a 1-unit property, as determined annually by
22 the Federal Housing Finance Authority.

23 Sec. 11. A collection agency shall include the following
24 statement in the collection agency's initial written communication
25 to a consumer: "Michigan law prohibits consumer reporting agencies
26 from reporting medical debt information, unless the consumer report
27 will be used in connection with a credit transaction that involves,
28 or that may reasonably be expected to involve, a principal amount
29 that exceeds the national conforming loan limit value for a 1-unit

1 property, as determined annually by the Federal Housing Finance
2 Authority.".

3 Sec. 13. (1) An individual who alleges a violation of this act
4 may bring a civil action against the person that committed the
5 alleged violation to recover 1 or more of the following:

6 (a) Actual damages.

7 (b) Injunctive relief.

8 (2) For an action under this section in which an individual
9 prevails, the individual may recover the costs of the action,
10 including reasonable attorney fees.