First Regular Session Seventy-third General Assembly STATE OF COLORADO

PREAMENDED

This Unofficial Version Includes Committee Amendments Not Yet Adopted on Second Reading

LLS NO. 21-0832.01 Megan Waples x4348

HOUSE BILL 21-1300

HOUSE SPONSORSHIP

Weissman and Neville,

SENATE SPONSORSHIP

Smallwood and Zenzinger,

House Committees

Senate Committees

Judiciary

	A BILL FOR AN ACT
101	CONCERNING HEALTH-CARE PROVIDER LIENS RELATED TO CHARGES
102	FOR HEALTH CARE PROVIDED TO A PERSON INJURED AS A
103	RESULT OF THE NEGLIGENCE OR WRONGFUL ACTS OF ANOTHER
104	PERSON.

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 applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

The bill establishes requirements for the creation and assignment of a health-care provider lien for a person injured in an accident. A health-care provider lien is a lien related to charges for health care provided to a person injured by the negligence or wrongful act of another person, which is asserted against money the injured person may receive from a personal injury claim or uninsured motorist claim.

A health-care provider or the health-care provider's assignee creating a lien must advise the injured person of their options for payment, including the use of benefits from an insurance plan. In addition, the provider or assignee must provide additional disclosures about the lien, including how the health-care provider's assignee is compensated and of any common ownership interests among the lien holder and the injured person's health-care providers or legal counsel. The injured person must also be advised that, except in the case of fraud or misrepresentation:

- If the injured person does not receive a judgment, settlement, or payment on the injured person's claim, the injured person is not liable for any amount of the lien;
- If the injured person receives a net judgment, settlement, or payment that is less than the amount of the lien, the injured person is not liable for any amount over the amount of the net judgment, settlement, or payment; and
- The lien holder cannot assign the lien to a collection agency.

The bill requires that a health-care provider lien cannot include additional finance charges or interest and must be limited to the total of the usual and customary charges billed by health-care providers. In the absence of fraud or misrepresentation:

- If the injured person does not receive a judgment, settlement, or payment on the injured person's claim, the injured person is not liable for any amount of the lien;
- If the injured person receives a net judgment, settlement, or payment that is less than the amount of the lien, the injured person is not liable for any amount over the amount of the net judgment, settlement, or payment; and
- The lien holder cannot assign the lien to a collection agency.

Except in an action under the "Uniform Consumer Credit Code", when a lien is assigned, the amount paid for the assignment, the fact of the assignment, and the terms of the assignment are not admissible as evidence in the underlying personal injury action.

The holder of a health-care provider lien may file notice of the lien with the office of the secretary of state. If more than one health-care provider lien has been asserted against an injured person's net judgment, settlement, or payment for the same accident or incident, a lien for which notice has been filed has priority over a lien for which notice has not been filed. If notices are filed for more than one health-care provider lien for the same accident or incident, priority is determined by the date on which

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the notice was filed, with the lien with the earliest date of filing having first priority.

Be it enacted by the General Assembly of the State of Colorado: 1 2 **SECTION 1.** In Colorado Revised Statutes, add article 27.5 to 3 title 38 as follows: **ARTICLE 27.5** 4 5 **Health-care Provider Liens** 6 38-27.5-101. Legislative declaration. (1) THE GENERAL 7 ASSEMBLY HEREBY FINDS AND DECLARES THAT: 8 (a) RESIDENTS OF THE STATE WHO ARE INJURED AS THE RESULT OF 9 THE NEGLIGENCE OR WRONGFUL ACTS OF ANOTHER PERSON SHOULD 10 RECEIVE TIMELY MEDICAL SERVICES AND CARE FOR THEIR INJURIES, EVEN 11 IF THEY HAVE LIMITED OR NO HEALTH INSURANCE; 12 HEALTH-CARE PROVIDERS SOMETIMES PROVIDE MEDICAL 13 SERVICES AND CARE TO INJURED PERSONS AND AGREE TO DELAY PAYMENT 14 FOR THEIR SERVICES IN EXCHANGE FOR A LIEN ON ANY MONEY RECEIVED 15 AS A RESULT OF A CLAIM OR CLAIMS THAT THE INJURED PERSON ASSERTS 16 AGAINST THIRD PARTIES OR UNDER AN UNINSURED OR UNDERINSURED 17 MOTORIST INSURANCE POLICY; 18 (c) It is in the best interests of the residents of the state 19 TO ENSURE THAT: 20 (I)COMPENSATION TO AN INJURED PERSON IS NOT REDUCED 21 MERELY BECAUSE A HEALTH-CARE PROVIDER ASSIGNS OR SELLS SUCH A 22 LIEN TO ANOTHER PERSON; AND 23 (II) THE CHARGES UNDERLYING HEALTH-CARE PROVIDER LIENS 24 ARE NOT EXCESSIVE, UNREASONABLE, OR INFLATED AND THAT 25 HEALTH-CARE PROVIDER LIENS ARE NOT SUBJECT TO SURCHARGES,

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1	FINANCE CHARGES, INTEREST, OR OTHER INCREASES TO THE AMOUNT OF
2	THE HEALTH-CARE PROVIDER LIEN; AND
3	(d) This article 27.5 is intended to encourage health-care
4	PROVIDERS TO PROMPTLY TREAT PEOPLE WHO HAVE LIMITED OR NO
5	HEALTH INSURANCE AND WHO HAVE BEEN INJURED AS THE RESULT OF THE
6	NEGLIGENT OR WRONGFUL ACTS OF ANOTHER PERSON, PROVIDE INJURED
7	PERSONS EQUAL ACCESS TO HEALTH CARE, AND PROTECT INJURED PERSONS
8	FROM EXCESSIVE, UNREASONABLE, OR INFLATED HEALTH-CARE SERVICE
9	CHARGES AND SURCHARGES ASSOCIATED WITH HEALTH-CARE PROVIDER
10	LIENS.
11	38-27.5-102. Definitions. As used in this article 27.5, unless
12	THE CONTEXT OTHERWISE REQUIRES:
13	(1) "HEALTH-CARE PROVIDER" MEANS A PERSON LICENSED OR
14	CERTIFIED IN THE STATE TO PRACTICE MEDICINE, PHARMACY,
15	CHIROPRACTIC, NURSING, PHYSICAL THERAPY, PODIATRY, DENTISTRY,
16	OPTOMETRY, OCCUPATIONAL THERAPY, OR OTHER HEALING ARTS, OR AN
17	ENTITY DIRECTLY EMPLOYING SUCH PERSONS, AND ANY OTHER LICENSED
18	HEALTH-CARE PROVIDER AS PERMITTED BY THE LAWS OF THE STATE.
19	(2) "HEALTH-CARE PROVIDER LIEN" MEANS A LIEN CREATED BY A
20	HEALTH-CARE PROVIDER OR ITS ASSIGNEE RELATED TO CHARGES FOR
21	HEALTH-CARE SERVICES GIVEN TO A PERSON INJURED AS A RESULT OF THE
22	NEGLIGENCE OR WRONGFUL ACTS OF ANOTHER PERSON, WHICH IS
23	ASSERTED AGAINST MONEY RECEIVED AS A RESULT OF A CLAIM OR CLAIMS
24	THAT THE INJURED PERSON ASSERTS AGAINST THIRD PARTIES OR UNDER AN
25	UNINSURED OR UNDERINSURED MOTORIST INSURANCE POLICY.
26	(3) "NET JUDGMENT, SETTLEMENT, OR PAYMENT" MEANS THE
27	PROCEEDS RECEIVED BY AN INJURED PERSON ON THE INJURED PERSON'S

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1	CLAIM OR CLAIMS AGAINST THIRD PARTIES OR UNDER AN UNINSURED OR
2	UNDERINSURED MOTORIST POLICY, AFTER THE REDUCTION OF REASONABLE
3	ATTORNEY FEES AND LITIGATION EXPENSES, IF ANY.
4	(4) "Usual and customary billed charge" means a
5	HEALTH-CARE PROVIDER'S BILLED CHARGE IN THE ABSENCE OF INSURANCE
6	FOR A SERVICE THAT IS SIMILAR TO THE BILLED CHARGES FOR LIKE
7	SERVICES PROVIDED BY OTHER HEALTH-CARE PROVIDERS IN THE SAME
8	GEOGRAPHIC AREA.
9	38-27.5-103. Assignment of health-care provider liens - not
10	admissible as evidence. (1) A HEALTH-CARE PROVIDER CLAIMING A
11	HEALTH-CARE PROVIDER LIEN UNDER THIS ARTICLE 27.5 MAY ASSIGN, IN
12	WRITING, A HEALTH-CARE PROVIDER LIEN TO ANY OTHER PERSON OR
13	ENTITY. AN ASSIGNEE OF A HEALTH-CARE PROVIDER LIEN HAS ALL THE
14	RIGHTS AND REMEDIES OF THE HEALTH-CARE PROVIDER AND IS SUBJECT TO
15	THE RESTRICTIONS AND OBLIGATIONS OF THE HEALTH-CARE PROVIDER
16	UNDER THIS ARTICLE 27.5.
17	(2) EXCEPT IN AN ACTION UNDER THE "UNIFORM CONSUMER
18	CREDIT CODE", ARTICLE 1 OF TITLE 5, ANY AMOUNT PAID BY AN ASSIGNEE
19	OF A HEALTH-CARE PROVIDER LIEN FOR THE ASSIGNMENT, THE FACT OF
20	THE ASSIGNMENT, AND THE TERMS OF THE ASSIGNMENT ARE NOT
21	DISCOVERABLE OR ADMISSIBLE AS EVIDENCE IN ANY CIVIL ACTION OR
22	CLAIM THAT THE INJURED PERSON ASSERTS AGAINST THIRD PARTIES OR
23	UNDER AN UNINSURED OR UNDERINSURED MOTORIST INSURANCE POLICY
24	FOR ANY PURPOSE, INCLUDING AS EVIDENCE OF THE REASONABLE VALUE
25	OF A HEALTH-CARE PROVIDER'S SERVICES.
26	(3) AN INJURED PERSON TREATED ON A HEALTH-CARE PROVIDER
27	LIEN BASIS MAY NOT SEEK TO RECOVER, AS THE COST OF MEDICAL

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1	SERVICES OR TREATMENT, MORE THAN THE HEALTH-CARE PROVIDER'S
2	USUAL AND CUSTOMARY BILLED CHARGES.
3	(4) Amounts awarded for medical bills subject to a
4	HEALTH-CARE PROVIDER LIEN SHALL NOT BE SUBJECT TO OFFSET OR
5	REDUCTION IN ANY POST-VERDICT PROCEEDING UNDER SECTION
6	13-21-111.6.
7	(5) This section only applies to a claim or claims an
8	INJURED PARTY ASSERTS AGAINST THIRD PARTIES OR UNDER AN
9	UNINSURED OR UNDERINSURED MOTORIST INSURANCE POLICY INVOLVING
10	A MEDICAL LIEN AND HAS NO OTHER APPLICATION OR EFFECT REGARDING
11	COMPENSATION PAID TO HEALTH-CARE PROVIDERS.
12	38-27.5-104. Health-care provider lien - disclosures to injured
13	person. (1) Before a health-care provider lien is created, a
14	HEALTH-CARE PROVIDER OR ITS ASSIGNEE SHALL MAKE THE FOLLOWING
15	DISCLOSURES AND ADVISEMENTS TO THE INJURED PERSON:
16	(a) That the following are potential methods for payment
17	OF A HEALTH-CARE PROVIDER'S BILLED CHARGES:
18	(I) THE CREATION OF A HEALTH-CARE PROVIDER LIEN;
19	(II) THE USE OF BENEFITS AVAILABLE FROM ANY PAYER OF
20	BENEFITS AS DEFINED IN SECTION 38-27-101 (9) TO WHICH THE INJURED
21	PERSON IS A BENEFICIARY, INCLUDING THAT THE INJURED PARTY CAN
22	OBTAIN INFORMATION ABOUT THE PAYER OF BENEFITS' NETWORK FROM
23	THE PAYER OF BENEFITS OR THE HEALTH-CARE PROVIDER;
24	(III) ANY OTHER PAYMENT METHOD OR ARRANGEMENT AGREED TO
25	IN WRITING BY BOTH THE HEALTH-CARE PROVIDER OR ITS ASSIGNEE AND
26	THE INJURED PERSON; OR
27	(IV) A COMBINATION OF THE PAYMENT METHODS SPECIFIED IN

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1	SUBSECTIONS $(1)(a)(1)$ TO $(1)(a)(111)$ OF THIS SECTION;
2	(b) THAT THE HEALTH-CARE PROVIDER OR ITS ASSIGNEE IS NOT A
3	HEALTH INSURER OR PAYER OF BENEFITS;
4	(c) That, except in the event of fraud or misrepresentation
5	BY THE INJURED PERSON:
6	(I) IF THE INJURED PERSON DOES NOT RECEIVE A JUDGMENT,
7	SETTLEMENT, OR PAYMENT ON THE INJURED PERSON'S CLAIM AGAINST
8	THIRD PARTIES OR UNDER AN UNINSURED OR UNDERINSURED MOTORIST
9	POLICY, THE INJURED PERSON IS NOT LIABLE TO THE HOLDER OF THE
10	HEALTH-CARE PROVIDER LIEN FOR ANY PORTION OF THE HEALTH-CARE
11	PROVIDER LIEN;
12	(II) IF THE INJURED PERSON RECEIVES A NET JUDGMENT,
13	SETTLEMENT, OR PAYMENT THAT IS LESS THAN THE FULL AMOUNT OF THE
14	HEALTH-CARE PROVIDER LIEN, THE INJURED PERSON IS NOT LIABLE TO THE
15	HOLDER OF THE HEALTH-CARE PROVIDER LIEN FOR ANY AMOUNT BEYOND
16	THE NET JUDGMENT, SETTLEMENT, OR PAYMENT, AND THE HOLDER OF THE
17	HEALTH-CARE PROVIDER LIEN MAY NOT FILE A COMPLAINT OR
18	COUNTERCLAIM AGAINST THE INJURED PERSON DIRECTLY TO BE
19	REIMBURSED FOR ANY AMOUNT BEYOND THE NET JUDGMENT,
20	SETTLEMENT, OR PAYMENT. NOTHING IN THIS SECTION PREVENTS A
21	HEALTH-CARE PROVIDER OR ITS ASSIGNEE FROM INITIATING A
22	DECLARATORY JUDGMENT ACTION OR PARTICIPATING IN AN INTERPLEADER
23	ACTION OR CLAIM PURSUANT TO THE COLORADO RULES OF CIVIL
24	PROCEDURE, OR ANY OTHER SIMILAR ACTION OR CLAIM, TO DETERMINE
25	THE HEALTH-CARE PROVIDER'S OR ITS ASSIGNEE'S SHARE OF THE INJURED
26	PERSON'S NET JUDGMENT, SETTLEMENT, OR PAYMENT.
27	(III) THE HEALTH-CARE PROVIDER OR ITS ASSIGNEE MAY NOT

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1	ASSIGN A HEALTH-CARE PROVIDER LIEN TO A COLLECTION AGENCY OR
2	DEBT COLLECTOR;
3	(d) THAT A HEALTH-CARE PROVIDER'S ASSIGNEE'S COMPENSATION
4	FROM THE INJURED PERSON IS BASED ON THE DIFFERENCE BETWEEN THE
5	HEALTH-CARE PROVIDER'S USUAL AND CUSTOMARY BILLED CHARGE AND
6	THE AMOUNT THAT THE ASSIGNEE PAYS TO PURCHASE THE HEALTH-CARE
7	PROVIDER LIEN;
8	(e) OF ANY COMMON OWNERSHIP INTEREST BETWEEN THE HOLDER
9	OF THE HEALTH-CARE PROVIDER LIEN AND THE INJURED PERSON'S LEGAL
10	COUNSEL;
11	(f) Of any common ownership interest between the
12	ASSIGNEE OF A HEALTH-CARE PROVIDER LIEN AND ANY HEALTH-CARE
13	PROVIDER WHO IS PROVIDING TREATMENT OR WHO MAY PROVIDE
14	TREATMENT TO THE INJURED PERSON UNDER THE TERMS OF THE
15	HEALTH-CARE PROVIDER LIEN; AND
16	(g) That if the injured person has obtained health
17	INSURANCE EVEN AFTER A HEALTH-CARE PROVIDER LIEN HAS BEEN
18	CREATED, AND THE INJURED PERSON OR THE INJURED PERSON'S LEGAL
19	COUNSEL SO INFORMS THE HOLDER OF THE HEALTH-CARE PROVIDER LIEN,
20	ALL FUTURE CARE MAY BE BILLED TO THE HEALTH INSURANCE CARRIER AT
21	THE INJURED PERSON'S DISCRETION.
22	(2) NOTHING IN THIS SECTION CHANGES ANY OBLIGATION OF THE
23	HEALTH-CARE PROVIDER OR ITS AGENTS UNDER THE "COLORADO MEDICAL
24	ASSISTANCE ACT", ARTICLES 4 TO 6 OF TITLE 25.5.
25	(3) Upon request by the injured person or the injured
26	PERSON'S LEGAL COUNSEL, THE HOLDER OF A HEALTH-CARE PROVIDER
27	LIEN SHALL PROVIDE IN WRITING TO THE INJURED PERSON AN ITEMIZED

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2	THE TOTAL VALUE OF THE HEALTH-CARE PROVIDER LIEN AS THE BILLED
3	CHARGES ARE ACCRUED, TO THE EXTENT PRACTICABLE, AND WHEN THE
4	HEALTH-CARE PROVIDER LIEN IS FINAL. THE FINAL ITEMIZED STATEMENT
5	MUST INCLUDE A SUMMARY OF ALL TREATMENTS PROVIDED, THE TOTAL
6	AMOUNTS BILLED FOR EACH TREATMENT, AND THE TOTAL AMOUNT OF THE
7	HEALTH-CARE PROVIDER LIEN DUE AND OWING.
8	38-27.5-105. Health-care provider lien - limitations. (1) The
9	AMOUNT OF A HEALTH-CARE PROVIDER LIEN MUST NOT EXCEED THE
10	CHARGES FOR SERVICES PROVIDED TO THE INJURED PERSON BY THE
11	HEALTH-CARE PROVIDER AT THE TIME OF SERVICE AT A RATE EQUAL TO
12	THE HEALTH-CARE PROVIDER'S USUAL AND CUSTOMARY BILLED CHARGE.
13	(2) A HEALTH-CARE PROVIDER OR ITS ASSIGNEE SHALL NOT ADD
14	A FINANCE CHARGE, AS DEFINED IN SECTION 5-1-301 (20), TO THE
15	HEALTH-CARE PROVIDER'S USUAL AND CUSTOMARY BILLED CHARGES OR
16	OTHERWISE INCREASE THE AMOUNT OF A HEALTH-CARE PROVIDER'S USUAL
17	AND CUSTOMARY BILLED CHARGE WHEN CREATING OR CLAIMING A
18	HEALTH-CARE PROVIDER LIEN. THE INJURED PERSON IS ONLY OBLIGATED
19	TO PAY THE HEALTH-CARE PROVIDER OR ITS ASSIGNEE THE AMOUNT OF
20	THE HEALTH-CARE PROVIDER LIEN.
21	(3) A HEALTH-CARE PROVIDER WHO CREATES, HOLDS, OR CLAIMS
22	A HEALTH-CARE PROVIDER LIEN UNDER THIS ARTICLE 27.5, OR AN
23	ASSIGNEE WHO PURCHASES THE HEALTH-CARE PROVIDER LIEN, DOES NOT
24	PAY OR REIMBURSE HEALTH-CARE EXPENSES OR SERVICES AND IS NOT A
25	PAYER OF BENEFITS.
26	(4) IN THE ABSENCE OF FRAUD OR MISREPRESENTATION BY THE
2.7	INITIRED PERSON:

STATEMENT OF ALL THE BILLED CHARGES FOR TREATMENT COMPRISING

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1	(a) If the injured person does not receive a judgment,
2	SETTLEMENT, OR PAYMENT ON THE INJURED PERSON'S CLAIM AGAINST
3	THIRD PARTIES OR UNDER AN UNINSURED OR UNDERINSURED MOTORIST
4	INSURANCE POLICY, THE INJURED PERSON IS NOT LIABLE TO THE HOLDER
5	OF A HEALTH-CARE PROVIDER LIEN FOR ANY PORTION OF THE
6	HEALTH-CARE PROVIDER LIEN;
7	(b) If the injured person receives a net judgment,
8	SETTLEMENT, OR PAYMENT THAT IS LESS THAN THE FULL AMOUNT OF THE
9	HEALTH-CARE PROVIDER LIEN, THE INJURED PERSON IS NOT LIABLE TO THE
10	HOLDER OF THE HEALTH-CARE PROVIDER LIEN FOR ANY AMOUNT BEYOND
11	THE NET JUDGMENT, SETTLEMENT, OR PAYMENT, AND THE HOLDER OF THE
12	HEALTH-CARE PROVIDER LIEN MAY NOT FILE A COMPLAINT OR
13	COUNTERCLAIM AGAINST THE INJURED PERSON DIRECTLY TO BE
14	REIMBURSED FOR ANY AMOUNT BEYOND THE NET JUDGMENT,
15	SETTLEMENT, OR PAYMENT. NOTHING IN THIS SECTION PREVENTS A
16	HEALTH-CARE PROVIDER OR ITS ASSIGNEE FROM INITIATING A
17	DECLARATORY JUDGMENT ACTION OR PARTICIPATING IN AN INTERPLEADER
18	ACTION OR CLAIM PURSUANT TO THE COLORADO RULES OF CIVIL
19	PROCEDURE, OR ANY OTHER SIMILAR ACTION OR CLAIM, TO DETERMINE
20	THE HEALTH-CARE PROVIDER'S OR ITS ASSIGNEE'S SHARE OF THE INJURED
21	PERSON'S NET JUDGMENT, SETTLEMENT, OR PAYMENT.
22	(c) The health-care provider or its assignee shall not
23	ASSIGN A HEALTH-CARE PROVIDER LIEN TO A COLLECTION AGENCY OR
24	DEBT COLLECTOR.
25	(5) This section does not deem a holder of a health-care
26	PROVIDER LIEN TO BE A REAL PARTY IN INTEREST.
27	38-27.5-106. No impact on hospital liens. This article 27.5

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1	DOES NOT CHANGE, MODIFY, OR AMEND THE PROVISIONS OF SECTION
2	38-27-101.
3	38-27.5-107. Dispute resolution - standing. A PERSON OR ENTITY
4	AGAINST WHOM THE INJURED PERSON ASSERTS A CIVIL ACTION OR CLAIM
5	THAT INCLUDES A REQUEST FOR DAMAGES RELATED TO HEALTH-CARE
6	SERVICES OR TREATMENT PROVIDED UNDER A HEALTH-CARE PROVIDER
7	LIEN DOES NOT HAVE STANDING TO CHALLENGE A HEALTH-CARE
8	PROVIDER'S OR ITS ASSIGNEE'S COMPLIANCE WITH THIS ARTICLE 27.5,
9	WHETHER IN THE CIVIL ACTION OR CLAIM ASSERTED BY THE INJURED
10	PERSON OR IN A SEPARATE CIVIL ACTION.
11	
12	SECTION 2. Act subject to petition - effective date. This act
13	takes effect at 12:01 a.m. on the day following the expiration of the
14	ninety-day period after final adjournment of the general assembly; except
15	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.

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