

FINAL BILL REPORT

SHB 1503

C 201 L 15
Synopsis as Enacted

Brief Description: Concerning medical liens.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Jinkins, Ryu, Tharinger, DeBolt, Senn, Robinson, Harris, Cody, Riccelli, Walsh, Sawyer and Moeller).

House Committee on Judiciary
Senate Committee on Law & Justice

Background:

Medical Liens.

A lien is a form of security interest over real or personal property to secure the payment of a debt. Liens can be voluntary, such as mortgages, or involuntary, such as tax liens or mechanics' liens. Liens authorized by statute include mechanics' and materialmen's liens, crop liens, liens for attorneys' fees, landlord's liens, and liens for doctor, nurse, hospital, and ambulance services.

Every physician, surgeon, nurse, and practitioner who renders service to a person who has received a traumatic injury is entitled to a lien upon any claim, right of action, or money to which the injured person may be entitled against any tortfeasor for the value of the services rendered. To be entitled to a medical lien, a claimant must file a record with the county auditor either within 20 days after the date of injury or receipt of care or, if settlement has not been made to the injured person, then at any time before settlement and payment.

Collection Agencies.

Collection agencies must be licensed by the Department of Licensing. Collection agencies must maintain records of their accounts and are required to file a surety bond or a cash deposit to ensure that they will faithfully and truly perform their duties. Collection agencies are also prohibited from certain acts, including:

- aiding an unlicensed person in engaging in business as a collection agency;
- collecting or attempting to collect a claim by the use of any means contrary to the postal laws and regulations of the United States Postal Department;
- publishing or threatening to publish any list of debtors; and

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- calling or sending a text message or other electronic communication to a cellular telephone or other wireless device more than twice in any day when the licensee knows or reasonably should know that the number belongs to a cellular telephone or other wireless device.

Any person who knowingly operates as, or knowingly aids and abets, a collection agency without a license is punishable by a fine not exceeding \$500, by imprisonment not exceeding one year, or both, and must return moneys collected to the owners of the accounts on which the moneys were paid. Violation of certain provisions, including prohibited acts, is also deemed an unfair act or practice or unfair method of competition in the conduct of trade or commerce for the purpose of applying the Consumer Protection Act.

Summary:

Any person who seeks a medical lien must: (1) in any attempt to enforce the lien, either enforce the lien on his or her own behalf or use a licensed collection agency; and (2) disclose his or her use of medical liens as part of his or her billing and collection practices. A person seeking to enforce a medical lien, other than the person originally entitled to the lien, is added to the definition of "collection agency."

A claimant or his or her assignee must prepare and execute a release of all lien rights for which payment has been made and deliver the release to the patient no more than 30 days after payment or settlement and acceptance of the amount due. If a court finds that the deliverance of the release is unjustifiably delayed, then it must order deliverance of the release and award the costs of the action and any damages.

Votes on Final Passage:

House	97	1	
Senate	49	0	(Senate amended)
House	98	0	(House concurred)

Effective: July 24, 2015