

# SENATE BILL REPORT

## SB 5480

---

---

As of February 3, 2025

**Title:** An act relating to protecting consumers by removing barriers created by medical debt.

**Brief Description:** Protecting consumers by removing barriers created by medical debt.

**Sponsors:** Senators Riccelli, Bateman, Alvarado, Chapman, Hasegawa, Lovelett, Nobles, Orwall, Ramos, Robinson, Slatter, Stanford, Trudeau, Valdez and Wilson, C..

**Brief History:**

**Committee Activity:** Law & Justice: 2/04/25.

**Brief Summary of Bill**

- Declares a medical debt void and unenforceable if it is reported to a consumer credit reporting agency or credit bureau.
- Prohibits specific entities from reporting medical debts to a consumer credit reporting agency or credit bureau, on pain of committing a violation of the Consumer Protection Act.

---

### SENATE COMMITTEE ON LAW & JUSTICE

**Staff:** Kevin Black (786-7747)

**Background:** The Consumer Protection Act, established in 1961, prohibits unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce, contracts, or conspiracies that restrain trade or commerce, and monopolies. The attorney general may bring actions in the name of the state against any person to restrain and prevent acts prohibited by the Consumer Protection Act and request a broad array of remedial actions. A person may bring suit for treble damages up to \$25,000 above the amount of the actual injury plus attorneys fees alleging they were injured in their business or property.

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

A medical debt, defined as any obligation for payment arising out of an agreement or contract for the provision of health care services, may be reported by a licensed collection agency to a consumer credit reporting agency or credit bureau only after 180 days has passed after the original obligation was received by or assigned to the collection agency. A health care provider or health care facility may sell or assign a medical debt to a licensed collection agency no sooner than 120 days after the initial billing statement has been transmitted to the patient or other responsible party.

**Summary of Bill:** A medical debt is unenforceable if a person, health care provider, health care facility, or licensed collection agency reports it to a consumer credit reporting agency. Contracts which create a medical debt must include a notice of the prohibition on reporting the debt to a consumer credit reporting agency or be void and unenforceable.

Neither a consumer reporting agency, licensed collection agency, hospital, physician group, or other professional partner of a hospital may report adverse information about claims involving a medical debt to consumer credit reporting agencies or credit bureaus. The definition of medical debt is expanded to include specified health care products and devices, such as wheelchairs, hospital beds, mobility scooters, recliner chairs, airway pressure machines, and more.

Failure to comply with these mandates and prohibitions is deemed an unfair or deceptive act with respect to the Consumer Protection Act. Such actions are considered to be violations of the law governing the license of a hospital, physician group, or professional partner of a hospital.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.