

SB210 INTRODUCED



1 SB210
2 RBGXFMY-1
3 By Senator Barfoot
4 RFD: Judiciary
5 First Read: 04-Mar-25



4 SYNOPSIS:

5 Existing law provides that a hospital may
6 recover its charges for treatment of a patient injured
7 in an accident by filing a lien on any money the
8 patient receives by settlement with, or judgment
9 against, the person responsible for the injuries.

10 If an injured patient is covered by a government
11 program such as Medicare, this bill would give
12 hospitals the choice of either filing a claim with the
13 program or filing a hospital lien. If the hospital
14 files a lien, the amount of the lien would be tied to
15 the prospective reimbursement amount of the government
16 program, plus an additional percentage.

17 In the case of a patient who has no health care
18 coverage, the hospital's lien amount would be capped at
19 the prospective amount that would be reimbursed by
20 Medicare, plus an additional percentage.

21 A hospital that files a lien may also choose to
22 adjust the amount of its claim, based upon the length
23 of time it takes to receive payment.

24 This bill would cap the amount a hospital may
25 recover for treatment from the insurance of a third
26 party that is liable for the injury when the amount
27 claimed exceeds the policy limits.

28 This bill would permit a patient to obtain a



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copy of his or her medical records and an itemized statement of the charges that support the amount claimed by the hospital in a lien.

This bill would also make nonsubstantive, technical revisions to update the existing code language to current style.

A BILL
TO BE ENTITLED
AN ACT

Relating to hospital liens; to amend Section 35-11-371, Code of Alabama 1975, to further provide for payment for treatment of injured patients by requiring hospitals in certain circumstances to either bill a government health insurance program or file a lien; to regulate hospital lien amounts and hospital recovery from third-party insurers; to require a hospital to substantiate the amount of a lien upon request by a patient; and to make nonsubstantive, technical revisions to update the existing code language to current style.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 35-11-371, Code of Alabama 1975, is amended to read as follows:

"§35-11-371

(a) For the purposes of this section, the following terms ~~shall~~ have the following meanings:



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(1) GOVERNMENTAL PAYOR. Includes Medicare, Medicaid, the Children's Health Insurance Program (ALL kids), TRICARE, Veterans Health Administration, and the Indian Health Service.

~~(1)~~ (2) HEALTH CARE PAYOR. A health care insurer, health maintenance organization, or health care service plan organized under Article 6, Chapter 20, Title 10A, authorized to provide health care coverage in the state.

~~(2)~~ (3) SATISFY THE CLAIM. Receipt by the hospital of either of the following:

a. Full payment for services as billed, subject to payment for services as regulated under subdivisions (b) (2) through (3).

b. If the hospital has a contract with the injured ~~person's~~ patient's health care payor, payment together with all credits, discounts, and contractual adjustments that the patient's bill would be entitled under the contract, including recoupments, between the hospital and the patient's health care payor which extinguish the patient's obligation for the services rendered.

(b) Unless contrary to any law or governmental rule or regulation of the United States or this state, no hospital shall perfect a lien as to any injured ~~person~~ patient who was covered by a health care payor's policy, until the hospital submits to the health care payor an accurate and properly coded claim, or if a contract exists between the hospital and the health care payor, in the form required pursuant to the contract, and if there is a failure to satisfy the claim~~-,~~
~~Perfection of a lien shall be as follows~~ may be perfected in



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the manner prescribed for the following situations:

(1) A hospital may perfect its lien as to an injured ~~person~~patient who was covered by a health care payor's policy that provides primary coverage for the care, if the hospital takes the steps described in subsection (c), within 20 days after its receipt of notice of the health care payor's denial of an accurate and properly coded claim. Failure to satisfy an accurate and properly coded claim within 45 days of submission or the subsequent recoupment by the health care payor of amounts previously paid, which results in a failure to satisfy the claim, shall be deemed a denial of the claim.

(2) A hospital may perfect its lien as to an injured person who: (i) was not known to the hospital to be covered by a health care payor, (ii) was covered by a governmental payor including Medicare or Medicaid, ~~or~~ (iii) was covered by a policy not described in subdivision (1), or (iv) has no coverage from any source, if it takes the steps described in subsection (c) within 20 days after discharge.

a. If an injured patient's only health care coverage is a governmental payor, the hospital may: (i) perfect its lien pursuant to this paragraph, or (ii) bill the government payor for satisfaction of its charges and any claim for services billed. If the hospital chooses not to bill the governmental payor, the hospital's lien shall be limited to the amount of the governmental payor's prospective reimbursement to the hospital for treatment of the injury, plus 10 percent of that amount. In the alternative, the hospital may elect to satisfy its claim by receiving one of the following applicable



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amounts:

1. Twenty percent of the amount of the lien if the hospital receives payment within 180 days of filing the lien.

2. Twenty-five percent of the amount of the lien if the hospital receives payment within 240 days of filing the lien.

3. Thirty percent of the hospital lien if the hospital receives payment more than 240 days after filing the lien.

b. If an injured patient has no coverage from any source, the hospital's lien shall be limited to what would be the amount of the prospective Medicare reimbursement to the hospital for treatment of the injury, plus 10 percent of that amount. In the alternative, the hospital may elect to satisfy its claim by receiving one of the applicable payment amounts as provided in subparagraphs a.1. through 3.

(3) If the amount of the hospital lien exceeds the policy limit of a third party's insurance, the maximum amount of the lien shall be governed by the limits in subparagraphs (2)a.1. through 3., provided that in no event shall the hospital's recovery exceed 30 percent of the total policy limit of a third party's insurance when there is any other outstanding lien asserted by a health care provider or a governmental payor.

~~(3)~~ (4) Where the hospital does not receive evidence of the injured ~~person's~~ patient's health care payor until after the lien provided for by this section has been perfected, the hospital shall bill the health care payor forthwith but may retain its lien until satisfaction of the claim. If the claim is satisfied, the hospital shall release the lien within 10



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141 days.

142 (c) In order to perfect a lien under this division, the
143 ~~operator of the~~ hospital shall file with the probate court of
144 the county in which the hospital is located a verified
145 statement setting forth the name and address of the patient,
146 as it appears on the records of the hospital, the name and
147 location of the hospital and the name and address of the
148 operator thereof, the dates of admission and discharge of the
149 patient ~~therefrom~~, the amount claimed to be due for the
150 hospital care, which shall give full credit for any health
151 care payor payments made, including agreed contractual
152 adjustments, and to the best of the claimant's knowledge, the
153 names and addresses of all persons, ~~firms, or corporations~~
154 claimed by the injured ~~person~~patient, or the legal
155 representative of the ~~person~~patient, to be liable for damages
156 arising from the ~~injuries~~injury. The claimant shall also
157 within one day after the filing of the claim or lien, mail a
158 copy ~~thereof~~ by registered or certified mail, postage prepaid,
159 for each person, ~~firm, or corporation~~ so claimed to be liable
160 on account of the injuries, at the addresses ~~so~~ given in the
161 statement, and to the patient, his or her guardian, or his or
162 her personal representative at the address given at the time
163 of admission.

164 (d) The filing of a claim or lien shall be notice
165 ~~thereof~~ to all persons, ~~firms, or corporations~~ claimed to be
166 liable for damages, whether or not they are named in the claim
167 or lien. Nothing shall be deemed to preclude the hospital from
168 perfecting its lien outside of the time limits stated in this



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section through providing actual notice to persons, ~~firms, or~~
~~corporations.~~

(e) The judge of probate shall endorse ~~thereon~~on the
lien the date and hour of filing, and at the expense of the
county shall provide a hospital lien book with proper index in
which he or she shall enter the date and hour of the filing,
the names and addresses of the hospital, the operators thereof
and of the patient, the amount claimed, and the names and
addresses of those claimed to be liable for damages. The
information shall be recorded in the name of the patient. The
judge of probate shall be paid one dollar (\$1) as his or her
filing fee ~~for the filing.~~

(f) No more than 30 days after receipt of a written
request by a patient or the patient's representative, a
hospital shall provide a copy of the patient's medical record
and a statement itemizing each service along with each charge
that comprises the amount claimed on the lien."

Section 2. This act shall become effective on October
1, 2025.