

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1531

Chapter 227, Laws of 2019

66th Legislature
2019 Regular Session

MEDICAL DEBT--COLLECTION

EFFECTIVE DATE: July 28, 2019

Passed by the House March 1, 2019
Yeas 90 Nays 4

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 15, 2019
Yeas 48 Nays 0

CYRUS HABIB

President of the Senate

Approved April 30, 2019 3:04 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1531** as passed by House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 1, 2019

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1531

Passed Legislature - 2019 Regular Session

State of Washington

66th Legislature

2019 Regular Session

By House Civil Rights & Judiciary (originally sponsored by Representatives Jenkins, Walen, Orwall, Cody, Robinson, Riccelli, Valdez, Ormsby, and Macri)

READ FIRST TIME 02/19/19.

1 AN ACT Relating to medical debt; amending RCW 6.01.060, 6.32.010,
2 19.16.100, 19.16.250, 19.52.010, and 19.52.020; and adding a new
3 section to chapter 70.54 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 6.01.060 and 2018 c 199 s 202 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this title
8 unless the context clearly requires otherwise.

9 (1) "Certified mail" includes, for mailings to a foreign country,
10 any form of mail that requires or permits a return receipt.

11 (2) "Medical debt" has the same meaning as provided in RCW
12 19.16.100.

13 (3) "Private student loan" means any loan not guaranteed by the
14 federal or state government that is used solely for personal use to
15 finance postsecondary education and costs of attendance at an
16 educational institution. A private student loan includes a loan made
17 solely to refinance a private student loan. A private student loan
18 does not include an extension of credit made under an open-end
19 consumer credit plan, a reverse mortgage transaction, a residential
20 mortgage transaction, or any other loan that is secured by real
21 property or a dwelling.

1 **Sec. 2.** RCW 6.32.010 and 1994 c 189 s 4 are each amended to read
2 as follows:

3 (1) At any time within ten years after entry of a judgment for
4 the sum of twenty-five dollars or over, unless the time is extended
5 in accordance with RCW 6.17.020(3), upon application by the judgment
6 creditor such court or judge may, by an order, require the judgment
7 debtor to appear at a specified time and place before the judge
8 granting the order, or a referee appointed by the judge, to answer
9 concerning the same (~~and~~).

10 (2) Except as provided in subsection (4) of this section, the
11 judge to whom application is made under this chapter may, if it is
12 made to appear to him or her by the affidavit of the judgment
13 creditor, his or her agent or attorney that there is danger of the
14 debtor absconding, order the sheriff to arrest the debtor and bring
15 him or her before the judge granting the order. Upon being brought
16 before the judge, he or she may be ordered to enter into a bond, with
17 sufficient sureties, that he or she will attend from time to time
18 before the judge or referee, as shall be directed, during the
19 pendency of the proceedings and until the final termination thereof.

20 (3) If the judgment debtor or other persons against whom the
21 special proceedings are instituted has been served with these
22 proceedings, the plaintiff shall be entitled to costs of service,
23 notary fees, and an appearance fee of twenty-five dollars. If the
24 judgment debtor or other persons fail to answer or appear, the
25 plaintiff shall additionally be entitled to reasonable attorney fees.
26 If a plaintiff institutes special proceedings and fails to appear, a
27 judgment debtor or other person against whom the proceeding was
28 instituted who appears is entitled to an appearance fee of twenty-
29 five dollars and reasonable attorney fees.

30 (4) A plaintiff may not seek a warrant for the arrest of a
31 judgment debtor for any act or failure to act that arises out of or
32 relates to a judgment for medical debt, unless the act or failure to
33 act constitutes a crime under state law.

34 **Sec. 3.** RCW 19.16.100 and 2015 c 201 s 3 are each amended to
35 read as follows:

36 Unless a different meaning is plainly required by the context,
37 the following words and phrases as hereinafter used in this chapter
38 shall have the following meanings:

39 (1) "Board" means the Washington state collection agency board.

1 (2) "Claim" means any obligation for the payment of money or
2 thing of value arising out of any agreement or contract, express or
3 implied.

4 (3) "Client" or "customer" means any person authorizing or
5 employing a collection agency to collect a claim.

6 (4) "Collection agency" means and includes:

7 (a) Any person directly or indirectly engaged in soliciting
8 claims for collection, or collecting or attempting to collect claims
9 owed or due or asserted to be owed or due another person;

10 (b) Any person who directly or indirectly furnishes or attempts
11 to furnish, sells, or offers to sell forms represented to be a
12 collection system or scheme intended or calculated to be used to
13 collect claims even though the forms direct the debtor to make
14 payment to the creditor and even though the forms may be or are
15 actually used by the creditor himself or herself in his or her own
16 name;

17 (c) Any person who in attempting to collect or in collecting his
18 or her own claim uses a fictitious name or any name other than his or
19 her own which would indicate to the debtor that a third person is
20 collecting or attempting to collect such claim;

21 (d) Any person or entity that is engaged in the business of
22 purchasing delinquent or charged off claims for collection purposes,
23 whether it collects the claims itself or hires a third party for
24 collection or an attorney for litigation in order to collect such
25 claims;

26 (e) Any person or entity attempting to enforce a lien under
27 chapter 60.44 RCW, other than the person or entity originally
28 entitled to the lien.

29 (5) "Collection agency" does not mean and does not include:

30 (a) Any individual engaged in soliciting claims for collection,
31 or collecting or attempting to collect claims on behalf of a licensee
32 under this chapter, if said individual is an employee of the
33 licensee;

34 (b) Any individual collecting or attempting to collect claims for
35 not more than one employer, if all the collection efforts are carried
36 on in the name of the employer and if the individual is an employee
37 of the employer;

38 (c) Any person whose collection activities are carried on in his,
39 her, or its true name and are confined and are directly related to
40 the operation of a business other than that of a collection agency,

1 such as but not limited to: Trust companies; savings and loan
2 associations; building and loan associations; abstract companies
3 doing an escrow business; real estate brokers; property management
4 companies collecting assessments, charges, or fines on behalf of
5 condominium unit owners associations, associations of apartment
6 owners, or homeowners' associations; public officers acting in their
7 official capacities; persons acting under court order; lawyers;
8 insurance companies; credit unions; loan or finance companies;
9 mortgage banks; and banks;

10 (d) Any person who on behalf of another person prepares or mails
11 monthly or periodic statements of accounts due if all payments are
12 made to that other person and no other collection efforts are made by
13 the person preparing the statements of account;

14 (e) An "out-of-state collection agency" as defined in this
15 chapter; or

16 (f) Any person while acting as a debt collector for another
17 person, both of whom are related by common ownership or affiliated by
18 corporate control, if the person acting as a debt collector does so
19 only for persons to whom it is so related or affiliated and if the
20 principal business of the person is not the collection of debts.

21 (6) "Commercial claim" means any obligation for payment of money
22 or thing of value arising out of any agreement or contract, express
23 or implied, where the transaction which is the subject of the
24 agreement or contract is not primarily for personal, family, or
25 household purposes.

26 (7) "Debtor" means any person owing or alleged to owe a claim.

27 (8) "Director" means the director of licensing.

28 (9) "Licensee" means any person licensed under this chapter.

29 (10) "Medical debt" means any obligation for the payment of money
30 arising out of any agreement or contract, express or implied, for the
31 provision of health care services as defined in RCW 48.44.010. In the
32 context of "medical debt," "charity care" has the same meaning as
33 provided in RCW 70.170.020.

34 (11) "Out-of-state collection agency" means a person whose
35 activities within this state are limited to collecting debts from
36 debtors located in this state by means of interstate communications,
37 including telephone, mail, or facsimile transmission, from the
38 person's location in another state on behalf of clients located
39 outside of this state, but does not include any person who is

1 excluded from the definition of the term "debt collector" under the
2 federal fair debt collection practices act (15 U.S.C. Sec. 1692a(6)).

3 ~~((11))~~ (12) "Person" includes individual, firm, partnership,
4 trust, joint venture, association, or corporation.

5 ~~((12))~~ (13) "Statement of account" means a report setting forth
6 only amounts billed, invoices, credits allowed, or aged balance due.

7 **Sec. 4.** RCW 19.16.250 and 2016 c 86 s 4 are each amended to read
8 as follows:

9 No licensee or employee of a licensee shall:

10 (1) Directly or indirectly aid or abet any unlicensed person to
11 engage in business as a collection agency in this state or receive
12 compensation from such unlicensed person: PROVIDED, That nothing in
13 this chapter shall prevent a licensee from accepting, as forwarder,
14 claims for collection from a collection agency or attorney whose
15 place of business is outside the state.

16 (2) Collect or attempt to collect a claim by the use of any means
17 contrary to the postal laws and regulations of the United States
18 postal department.

19 (3) Publish or post or cause to be published or posted, any list
20 of debtors commonly known as "bad debt lists" or threaten to do so.
21 For purposes of this chapter, a "bad debt list" means any list of
22 natural persons alleged to fail to honor their lawful debts. However,
23 nothing herein shall be construed to prohibit a licensee from
24 communicating to its customers or clients by means of a coded list,
25 the existence of a check dishonored because of insufficient funds,
26 not sufficient funds or closed account by the financial institution
27 servicing the debtor's checking account: PROVIDED, That the debtor's
28 identity is not readily apparent: PROVIDED FURTHER, That the licensee
29 complies with the requirements of subsection (10)(e) of this section.

30 (4) Have in his or her possession or make use of any badge, use a
31 uniform of any law enforcement agency or any simulation thereof, or
32 make any statements which might be construed as indicating an
33 official connection with any federal, state, county, or city law
34 enforcement agency, or any other governmental agency, while engaged
35 in collection agency business.

36 (5) Perform any act or acts, either directly or indirectly,
37 constituting the unauthorized practice of law.

38 (6) Advertise for sale or threaten to advertise for sale any
39 claim as a means of endeavoring to enforce payment thereof or

1 agreeing to do so for the purpose of soliciting claims, except where
2 the licensee has acquired claims as an assignee for the benefit of
3 creditors or where the licensee is acting under court order.

4 (7) Use any name while engaged in the making of a demand for any
5 claim other than the name set forth on his or her or its current
6 license issued hereunder.

7 (8) Give or send to any debtor or cause to be given or sent to
8 any debtor, any notice, letter, message, or form, other than through
9 proper legal action, process, or proceedings, which represents or
10 implies that a claim exists unless it shall indicate in clear and
11 legible type:

12 (a) The name of the licensee and the city, street, and number at
13 which he or she is licensed to do business;

14 (b) The name of the original creditor to whom the debtor owed the
15 claim if such name is known to the licensee or employee: PROVIDED,
16 That upon written request of the debtor, the licensee shall provide
17 this name to the debtor or cease efforts to collect on the debt until
18 this information is provided;

19 (c) If the notice, letter, message, or form is the first notice
20 to the debtor or if the licensee is attempting to collect a different
21 amount than indicated in his or her or its first notice to the
22 debtor, an itemization of the claim asserted must be made including:

23 (i) Amount owing on the original obligation at the time it was
24 received by the licensee for collection or by assignment;

25 (ii) Interest or service charge, collection costs, or late
26 payment charges, if any, added to the original obligation by the
27 original creditor, customer or assignor before it was received by the
28 licensee for collection, if such information is known by the licensee
29 or employee: PROVIDED, That upon written request of the debtor, the
30 licensee shall make a reasonable effort to obtain information on such
31 items and provide this information to the debtor;

32 (iii) Interest or service charge, if any, added by the licensee
33 or customer or assignor after the obligation was received by the
34 licensee for collection;

35 (iv) Collection costs, if any, that the licensee is attempting to
36 collect;

37 (v) Attorneys' fees, if any, that the licensee is attempting to
38 collect on his or her or its behalf or on the behalf of a customer or
39 assignor; and

1 (vi) Any other charge or fee that the licensee is attempting to
2 collect on his or her or its own behalf or on the behalf of a
3 customer or assignor;

4 (d) If the notice, letter, message, or form concerns a judgment
5 obtained against the debtor, no itemization of the amounts contained
6 in the judgment is required, except postjudgment interest, if
7 claimed, and the current account balance;

8 (e) If the notice, letter, message, or form is the first notice
9 to the debtor, an itemization of the claim asserted must be made
10 including the following information:

11 (i) The original account number or redacted original account
12 number assigned to the debt, if known to the licensee or employee:
13 PROVIDED, That upon written request of the debtor, the licensee must
14 make a reasonable effort to obtain this information or cease efforts
15 to collect on the debt until this information is provided; and

16 (ii) The date of the last payment to the creditor on the subject
17 debt by the debtor, if known to the licensee or employee: PROVIDED,
18 That upon written request of the debtor, the licensee must make a
19 reasonable effort to obtain this information or cease efforts to
20 collect on the debt until this information is provided.

21 (9) Communicate in writing with a debtor concerning a claim
22 through a proper legal action, process, or proceeding, where such
23 communication is the first written communication with the debtor,
24 without providing the information set forth in subsection (8)(c) of
25 this section in the written communication.

26 (10) Communicate or threaten to communicate, the existence of a
27 claim to a person other than one who might be reasonably expected to
28 be liable on the claim in any manner other than through proper legal
29 action, process, or proceedings except under the following
30 conditions:

31 (a) Except as provided in subsection (27)(c) of this section, a
32 licensee or employee of a licensee may inform a credit reporting
33 bureau of the existence of a claim. If the licensee or employee of a
34 licensee reports a claim to a credit reporting bureau, the licensee
35 shall, upon receipt of written notice from the debtor that any part
36 of the claim is disputed, notify the credit reporting bureau of the
37 dispute by written or electronic means and create a record of the
38 fact of the notification and when the notification was provided;

1 (b) A licensee or employee in collecting or attempting to collect
2 a claim may communicate the existence of a claim to a debtor's
3 employer if the claim has been reduced to a judgment;

4 (c) A licensee or employee in collecting or attempting to collect
5 a claim that has not been reduced to judgment, may communicate the
6 existence of a claim to a debtor's employer if:

7 (i) The licensee or employee has notified or attempted to notify
8 the debtor in writing at his or her last known address or place of
9 employment concerning the claim and the debtor after a reasonable
10 time has failed to pay the claim or has failed to agree to make
11 payments on the claim in a manner acceptable to the licensee, and

12 (ii) The debtor has not in writing to the licensee disputed any
13 part of the claim: PROVIDED, That the licensee or employee may only
14 communicate the existence of a claim which has not been reduced to
15 judgment to the debtor's employer once unless the debtor's employer
16 has agreed to additional communications.

17 (d) A licensee may for the purpose of locating the debtor or
18 locating assets of the debtor communicate the existence of a claim to
19 any person who might reasonably be expected to have knowledge of the
20 whereabouts of a debtor or the location of assets of the debtor if
21 the claim is reduced to judgment, or if not reduced to judgment,
22 when:

23 (i) The licensee or employee has notified or attempted to notify
24 the debtor in writing at his or her last known address or last known
25 place of employment concerning the claim and the debtor after a
26 reasonable time has failed to pay the claim or has failed to agree to
27 make payments on the claim in a manner acceptable to the licensee,
28 and

29 (ii) The debtor has not in writing disputed any part of the
30 claim.

31 (e) A licensee may communicate the existence of a claim to its
32 customers or clients if the claim is reduced to judgment, or if not
33 reduced to judgment, when:

34 (i) The licensee has notified or attempted to notify the debtor
35 in writing at his or her last known address or last known place of
36 employment concerning the claim and the debtor after a reasonable
37 time has failed to pay the claim or has failed to agree to make
38 payments on the claim in a manner acceptable to the licensee, and

39 (ii) The debtor has not in writing disputed any part of the
40 claim.

1 (11) Threaten the debtor with impairment of his or her credit
2 rating if a claim is not paid: PROVIDED, That advising a debtor that
3 the licensee has reported or intends to report a claim to a credit
4 reporting agency is not considered a threat if the licensee actually
5 has reported or intends to report the claim to a credit reporting
6 agency.

7 (12) Communicate with the debtor after notification in writing
8 from an attorney representing such debtor that all further
9 communications relative to a claim should be addressed to the
10 attorney: PROVIDED, That if a licensee requests in writing
11 information from an attorney regarding such claim and the attorney
12 does not respond within a reasonable time, the licensee may
13 communicate directly with the debtor until he or she or it again
14 receives notification in writing that an attorney is representing the
15 debtor.

16 (13) Communicate with a debtor or anyone else in such a manner as
17 to harass, intimidate, threaten, or embarrass a debtor, including but
18 not limited to communication at an unreasonable hour, with
19 unreasonable frequency, by threats of force or violence, by threats
20 of criminal prosecution, and by use of offensive language. A
21 communication shall be presumed to have been made for the purposes of
22 harassment if:

23 (a) It is made with a debtor or spouse in any form, manner, or
24 place, more than three times in a single week, unless the licensee is
25 responding to a communication from the debtor or spouse;

26 (b) It is made with a debtor at his or her place of employment
27 more than one time in a single week, unless the licensee is
28 responding to a communication from the debtor;

29 (c) It is made with the debtor or spouse at his or her place of
30 residence between the hours of 9:00 p.m. and 7:30 a.m. A call to a
31 telephone is presumed to be received in the local time zone to which
32 the area code of the number called is assigned for landline numbers,
33 unless the licensee reasonably believes the telephone is located in a
34 different time zone. If the area code is not assigned to landlines in
35 any specific geographic area, such as with toll-free telephone
36 numbers, a call to a telephone is presumed to be received in the
37 local time zone of the debtor's last known place of residence, unless
38 the licensee reasonably believes the telephone is located in a
39 different time zone.

1 (14) Communicate with the debtor through use of forms or
2 instruments that simulate the form or appearance of judicial process,
3 the form or appearance of government documents, or the simulation of
4 a form or appearance of a telegraphic or emergency message.

5 (15) Communicate with the debtor and represent or imply that the
6 existing obligation of the debtor may be or has been increased by the
7 addition of attorney fees, investigation fees, service fees, or any
8 other fees or charges when in fact such fees or charges may not
9 legally be added to the existing obligation of such debtor.

10 (16) Threaten to take any action against the debtor which the
11 licensee cannot legally take at the time the threat is made.

12 (17) Send any telegram or make any telephone calls to a debtor or
13 concerning a debt or for the purpose of demanding payment of a claim
14 or seeking information about a debtor, for which the charges are
15 payable by the addressee or by the person to whom the call is made:
16 PROVIDED, That:

17 (a) This subsection does not prohibit a licensee from attempting
18 to communicate by way of a cellular telephone or other wireless
19 device: PROVIDED, That a licensee cannot cause charges to be incurred
20 to the recipient of the attempted communication more than three times
21 in any calendar week when the licensee knows or reasonably should
22 know that the number belongs to a cellular telephone or other
23 wireless device, unless the licensee is responding to a communication
24 from the debtor or the person to whom the call is made.

25 (b) The licensee is not in violation of (a) of this subsection if
26 the licensee at least monthly updates its records with information
27 provided by a commercial provider of cellular telephone lists that
28 the licensee in good faith believes provides reasonably current and
29 comprehensive data identifying cellular telephone numbers, calls a
30 number not appearing in the most recent list provided by the
31 commercial provider, and does not otherwise know or reasonably should
32 know that the number belongs to a cellular telephone.

33 (c) This subsection may not be construed to increase the number
34 of communications permitted pursuant to subsection (13)(a) of this
35 section.

36 (18) Call, or send a text message or other electronic
37 communication to, a cellular telephone or other wireless device more
38 than twice in any day when the licensee knows or reasonably should
39 know that the number belongs to a cellular telephone or other
40 wireless device, unless the licensee is responding to a communication

1 from the debtor or the person to whom the call, text message, or
2 other electronic communication is made. The licensee is not in
3 violation of this subsection if the licensee at least monthly updates
4 its records with information provided by a commercial provider of
5 cellular telephone lists that the licensee in good faith believes
6 provides reasonably current and comprehensive data identifying
7 cellular telephone numbers, calls a number not appearing in the most
8 recent list provided by the commercial provider, and does not
9 otherwise know or reasonably should know that the number belongs to a
10 cellular telephone. Nothing in this subsection may be construed to
11 increase the number of communications permitted pursuant to
12 subsection (13)(a) of this section.

13 (19) Intentionally block its telephone number from displaying on
14 a debtor's telephone.

15 (20) In any manner convey the impression that the licensee is
16 vouched for, bonded to or by, or is an instrumentality of the state
17 of Washington or any agency or department thereof.

18 (21) Collect or attempt to collect in addition to the principal
19 amount of a claim any sum other than allowable interest, collection
20 costs or handling fees expressly authorized by statute, and, in the
21 case of suit, attorney's fees and taxable court costs. A licensee may
22 collect or attempt to collect collection costs and fees, including
23 contingent collection fees, as authorized by a written agreement or
24 contract, between the licensee's client and the debtor, in the
25 collection of a commercial claim. The amount charged to the debtor
26 for collection services shall not exceed thirty-five percent of the
27 commercial claim.

28 (22) Procure from a debtor or collect or attempt to collect on
29 any written note, contract, stipulation, promise or acknowledgment
30 under which a debtor may be required to pay any sum other than
31 principal, allowable interest, except as noted in subsection (21) of
32 this section, and, in the case of suit, attorney's fees and taxable
33 court costs.

34 (23) Bring an action or initiate an arbitration proceeding on a
35 claim when the licensee knows, or reasonably should know, that such
36 suit or arbitration is barred by the applicable statute of
37 limitations.

38 (24) Upon notification by a debtor that the debtor disputes all
39 debts arising from a series of dishonored checks, automated
40 clearinghouse transactions on a demand deposit account, or other

1 preprinted written instruments, initiate oral contact with a debtor
2 more than one time in an attempt to collect from the debtor debts
3 arising from the identified series of dishonored checks, automated
4 clearinghouse transactions on a demand deposit account, or other
5 preprinted written instruments when: (a) Within the previous one
6 hundred eighty days, in response to the licensee's attempt to collect
7 the initial debt assigned to the licensee and arising from the
8 identified series of dishonored checks, automated clearinghouse
9 transactions on a demand deposit account, or other preprinted written
10 instruments, the debtor in writing notified the licensee that the
11 debtor's checkbook or other series of preprinted written instruments
12 was stolen or fraudulently created; (b) the licensee has received
13 from the debtor a certified copy of a police report referencing the
14 theft or fraudulent creation of the checkbook, automated
15 clearinghouse transactions on a demand deposit account, or series of
16 preprinted written instruments; (c) in the written notification to
17 the licensee or in the police report, the debtor identified the
18 financial institution where the account was maintained, the account
19 number, the magnetic ink character recognition number, the full bank
20 routing and transit number, and the check numbers of the stolen
21 checks, automated clearinghouse transactions on a demand deposit
22 account, or other preprinted written instruments, which check numbers
23 included the number of the check that is the subject of the
24 licensee's collection efforts; (d) the debtor provides, or within the
25 previous one hundred eighty days provided, to the licensee a legible
26 copy of a government-issued photo identification, which contains the
27 debtor's signature and which was issued prior to the date of the
28 theft or fraud identified in the police report; and (e) the debtor
29 advised the licensee that the subject debt is disputed because the
30 identified check, automated clearinghouse transaction on a demand
31 deposit account, or other preprinted written instrument underlying
32 the debt is a stolen or fraudulently created check or instrument.

33 The licensee is not in violation of this subsection if the
34 licensee initiates oral contact with the debtor more than one time in
35 an attempt to collect debts arising from the identified series of
36 dishonored checks, automated clearinghouse transactions on a demand
37 deposit account, or other preprinted written instruments when: (i)
38 The licensee acted in good faith and relied on their established
39 practices and procedures for batching, recording, or packeting debtor
40 accounts, and the licensee inadvertently initiates oral contact with

1 the debtor in an attempt to collect debts in the identified series
2 subsequent to the initial debt assigned to the licensee; (ii) the
3 licensee is following up on collection of a debt assigned to the
4 licensee, and the debtor has previously requested more information
5 from the licensee regarding the subject debt; (iii) the debtor has
6 notified the licensee that the debtor disputes only some, but not all
7 the debts arising from the identified series of dishonored checks,
8 automated clearinghouse transactions on a demand deposit account, or
9 other preprinted written instruments, in which case the licensee
10 shall be allowed to initiate oral contact with the debtor one time
11 for each debt arising from the series of identified checks, automated
12 clearinghouse transactions on a demand deposit account, or written
13 instruments and initiate additional oral contact for those debts that
14 the debtor acknowledges do not arise from stolen or fraudulently
15 created checks or written instruments; (iv) the oral contact is in
16 the context of a judicial, administrative, arbitration, mediation, or
17 similar proceeding; or (v) the oral contact is made for the purpose
18 of investigating, confirming, or authenticating the information
19 received from the debtor, to provide additional information to the
20 debtor, or to request additional information from the debtor needed
21 by the licensee to accurately record the debtor's information in the
22 licensee's records.

23 (25) Bring an action or initiate an arbitration proceeding on a
24 claim for any amounts related to a transfer of sale of a vehicle
25 when:

26 (a) The licensee has been informed or reasonably should know that
27 the department of licensing transfer of sale form was filed in
28 accordance with RCW 46.12.650 (1) through (3);

29 (b) The licensee has been informed or reasonably should know that
30 the transfer of the vehicle either (i) was not made pursuant to a
31 legal transfer or (ii) was not voluntarily accepted by the person
32 designated as the purchaser/transferee; and

33 (c) Prior to the commencement of the action or arbitration, the
34 licensee has received from the putative transferee a copy of a police
35 report referencing that the transfer of sale of the vehicle either
36 (i) was not made pursuant to a legal transfer or (ii) was not
37 voluntarily accepted by the person designated as the purchaser/
38 transferee.

39 (26) Submit an affidavit or other request pursuant to chapter
40 6.32 RCW asking a superior or district court to transfer a bond

1 posted by a debtor subject to a money judgment to the licensee, when
2 the debtor has appeared as required.

3 (27) If the claim involves medical debt:

4 (a) Fail to include, with the first written notice to the debtor,
5 a statement that informs the debtor of the debtor's right to request
6 the original account number or redacted original account number
7 assigned to the debt, the date of the last payment, and an itemized
8 statement as provided in (b) of this subsection (27);

9 (b) (i) Fail to provide to the debtor, upon written or oral
10 request by the debtor for more information than is contained in a
11 general balance due letter, an itemized statement free of charge.
12 Unless and until the licensee provides the itemized statement, the
13 licensee must cease all collection efforts. The itemized statement
14 must include:

15 (A) The name and address of the medical creditor;

16 (B) The date, dates, or date range of service;

17 (C) The health care services provided to the patient as indicated
18 by the health care provider in a statement provided to the licensee;

19 (D) The amount of principal for any medical debt or debts
20 incurred;

21 (E) Any adjustment to the bill, such as negotiated insurance
22 rates or other discounts;

23 (F) The amount of any payments received, whether from the patient
24 or any other party;

25 (G) Any interest or fees; and

26 (H) Whether the patient was found eligible for charity care or
27 other reductions and, if so, the amount due after all charity care
28 and other reductions have been applied to the itemized statement;

29 (ii) In the event the debtor has entered into a voluntary payment
30 agreement, the debtor shall give notice if he or she wants the
31 payment plan discontinued. If no notice is given, the payment
32 arrangement may continue.

33 (iii) Properly executed postjudgment writs, including writs of
34 garnishment and execution, are not required to be ceased and second
35 or subsequent requests for information already provided do not
36 require the cessation of collection efforts;

37 (c) Report adverse information to consumer credit reporting
38 agencies or credit bureaus until at least one hundred eighty days
39 after the original obligation was received by the licensee for
40 collection or by assignment.

1 (28) If the claim involves hospital debt:

2 (a) Fail to include, with the first written notice to the debtor,
3 a notice that the debtor may be eligible for charity care from the
4 hospital, together with the contact information for the hospital;

5 (b) Collect or attempt to collect a claim related to hospital
6 debt during the pendency of an application for charity care
7 sponsorship or an appeal from a final determination of charity care
8 sponsorship status. However, this prohibition is only applicable if
9 the licensee has received notice of the pendency of the application
10 or appeal.

11 **Sec. 5.** RCW 19.52.010 and 2011 c 336 s 542 are each amended to
12 read as follows:

13 (1) Except as provided in subsection (2) of this section, every
14 loan or forbearance of money, goods, or thing in action shall bear
15 interest at the rate of twelve percent per annum where no different
16 rate is agreed to in writing between the parties: PROVIDED, That with
17 regard to any transaction heretofore or hereafter entered into
18 subject to this section, if an agreement in writing between the
19 parties evidencing such transaction provides for the payment of money
20 at the end of an agreed period of time or in installments over an
21 agreed period of time, then such agreement shall constitute a writing
22 for purposes of this section and satisfy the requirements thereof.
23 The discounting of commercial paper, where the borrower makes himself
24 or herself liable as maker, guarantor, or indorser, shall be
25 considered as a loan for the purposes of this chapter.

26 (2)(a) Prejudgment interest charged or collected on medical debt,
27 as defined in RCW 19.16.100, must not exceed nine percent.

28 (b) For any medical debt for which prejudgment interest has
29 accrued or may be accruing as of the effective date of this section,
30 no prejudgment interest in excess of nine percent shall accrue
31 thereafter.

32 (3) A lease shall not be considered a loan or forbearance for the
33 purposes of this chapter if:

34 (a) It constitutes a "consumer lease" as defined in RCW
35 63.10.020;

36 (b) It constitutes a lease-purchase agreement under chapter 63.19
37 RCW; or

38 (c) It would constitute such "consumer lease" but for the fact
39 that:

- 1 (i) The lessee was not a natural person;
- 2 (ii) The lease was not primarily for personal, family, or
3 household purposes; or
- 4 (iii) The total contractual obligation exceeded twenty-five
5 thousand dollars.

6 **Sec. 6.** RCW 19.52.020 and 1989 c 14 s 3 are each amended to read
7 as follows:

8 (1) Except as provided in subsection (4) of this section, any
9 rate of interest shall be legal so long as the rate of interest does
10 not exceed the higher of: (a) Twelve percent per annum; or (b) four
11 percentage points above the equivalent coupon issue yield (as
12 published by the Board of Governors of the Federal Reserve System) of
13 the average bill rate for twenty-six week treasury bills as
14 determined at the first bill market auction conducted during the
15 calendar month immediately preceding the later of (i) the
16 establishment of the interest rate by written agreement of the
17 parties to the contract, or (ii) any adjustment in the interest rate
18 in the case of a written agreement permitting an adjustment in the
19 interest rate. No person shall directly or indirectly take or receive
20 in money, goods, or things in action, or in any other way, any
21 greater interest for the loan or forbearance of any money, goods, or
22 things in action.

23 (2) (a) In any loan of money in which the funds advanced do not
24 exceed the sum of five hundred dollars, a setup charge may be charged
25 and collected by the lender, and such setup charge shall not be
26 considered interest hereunder.

27 (b) The setup charge shall not exceed four percent of the amount
28 of funds advanced, or fifteen dollars, whichever is the lesser,
29 except that on loans of under one hundred dollars a minimum not
30 exceeding four dollars may be so charged.

31 (3) Any loan made pursuant to a commitment to lend at an interest
32 rate permitted at the time the commitment is made shall not be
33 usurious. Credit extended pursuant to an open-end credit agreement
34 upon which interest is computed on the basis of a balance or balances
35 outstanding during a billing cycle shall not be usurious if on any
36 one day during the billing cycle the rate at which interest is
37 charged for the billing cycle is not usurious.

38 (4) (a) Prejudgment interest charged or collected on medical debt,
39 as defined in RCW 19.16.100, must not exceed nine percent.

1 (b) For any medical debt for which prejudgment interest has
2 accrued or may be accruing as of the effective date of this section,
3 no prejudgment interest in excess of nine percent shall accrue
4 thereafter.

5 NEW SECTION. **Sec. 7.** A new section is added to chapter 70.54
6 RCW to read as follows:

7 (1) No health care provider or health care facility may sell or
8 assign medical debt to any person licensed under chapter 19.16 RCW
9 until at least one hundred twenty days after the initial billing
10 statement for that medical debt has been transmitted to the patient
11 or other responsible party.

12 (2) For the purposes of this section:

13 (a) "Health care facility" has the same meaning as provided in
14 RCW 70.02.010.

15 (b) "Health care provider" has the same meaning as provided in
16 RCW 70.02.010.

17 (c) "Medical debt" has the same meaning as provided in RCW
18 19.16.100.

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