



News

Carlos Ortiz Analyzes in ARM Compliance Digest: Defendants Settle Class Action FDCPA Suit

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In the October 19, 2020 edition of the *ARM Compliance Digest*, Hinshaw partner Carlos Ortiz reviews a preliminary approval by a Florida district court of a settlement in a Fair Debt Collection Practices Act class action that will see the defendants refund or waive \$512,000 in medical fees and pay \$500,000 in statutory damages after the plaintiffs were charged for medical care when it should have been covered under their personal injury protection insurance:

This case is a good example of the challenges collection agencies have that collect on medical debt. Laws regulating what medical debt may be collected vary by state. This case involved what is commonly referred to as balance billing. That is, the difference between a healthcare provider's charge and the amount allowed by the insurance company based on the patient's policy.

One common scenario where balance billing arises is when a provider is out-of-network and, therefore, not subject to the terms and rates set by providers who are in-network. If Medicare or Medicaid is involved, another layer of complexity is added in what may be subject to collection. California, Connecticut, Florida, Illinois, Maryland, New Hampshire, New York, Oregon, Virginia all have comprehensive laws regarding balance billing.

The subject lawsuit involved Florida law where if a patient is seen by an out-of-network provider at an in-network hospital, the patient is only responsible for paying the provider the in-network fee. In my home state of Illinois, out-of-network facility-based providers are prohibited from billing patients for expenses other than the deductible and copay that they would have normally paid if they had seen an in-network provider.

The moral of the story is know the laws of the state where you are collecting, and when it comes to medical debt ensure that the laws permit collection of the types of debt at issue.

[Read the full October 19, 2020 edition of the AccountsRecovery.net Compliance Digest.](#)

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