Local Government Mandate Statement Kentucky Legislative Research Commission 2025 Regular Session

Part I: Measure Information

Bill Request #:	980	Bill #:	HB 288				
Document ID #:	1638	Sponsor:	Rep. Rachel Roarx				
Bill Title:	AN ACT relating to interest on medical debt						
Unit of	⊠ City ⊠	County	☑ Urban-County				
Government:	\boxtimes Charter County \boxtimes	Consolid	ated Local 🛛 Unified Local				
Office(s) Impacted: Public Health							
Requirement: 🛛 Mandatory 🔲 Optional							
Effect on Powers & Duties:							
Other Fiscal Statement(s) Actuarial Analysis that may exist: Health Benefit Mandate State Employee Health Plan							

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 288 adds a new section to KRS chapter 360 which states that the maximum interest on medical debt cannot exceed three percent (3%) per year. If a hospital or medical facility knowingly takes, receives, reserves, or charges a rate of interest greater than three percent, they must forfeit the entire interest amount of the note.

The fiscal impact of HB 288 is indeterminable, but expected to be negative. There is no set amount for the interest rate charged on medical bills by locally run hospitals in Kentucky. National data on medical debt finds interest rates can vary widely from 6.99% to 35.99%, but information specific to locally run hospitals in Kentucky could not be obtained. However, this bill puts a cap on all medical debt interest at three percent, and will prevent local hospitals from charging more.

Data Source(s): LRC Staff; Morningstar

Preparer: TJ	Reviewer:	MS (MDA)	Date:	1/29/25