

113TH CONGRESS
2D SESSION

H. R. 4917

To amend title 11 of the United States Code to provide bankruptcy protections for medically distressed debtors, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 19, 2014

Ms. SHEA-PORTER introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 11 of the United States Code to provide bankruptcy protections for medically distressed debtors, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medical Bankruptcy
5 Fairness Act of 2014”.

6 **SEC. 2. DEFINITIONS.**

7 (a) IN GENERAL.—Section 101 of title 11, United
8 States Code, is amended—

9 (1) by inserting after paragraph (39A) the fol-
10 lowing:

1 “(39B) The term ‘medical debt’ means any
2 debt incurred voluntarily or involuntarily—

3 “(A) as a result of the diagnosis, cure,
4 mitigation, or treatment of injury, deformity, or
5 disease of an individual; or

6 “(B) for services performed by a medical
7 professional in the prevention of disease or ill-
8 ness of an individual.

9 “(39C) The term ‘medically distressed debtor’
10 means—

11 “(A) a debtor who, during the 3 years be-
12 fore the date of the filing of the petition—

13 “(i) incurred or paid aggregate med-
14 ical debts for the debtor, a dependent of
15 the debtor, or a nondependent parent,
16 grandparent, sibling, child, grandchild, or
17 spouse of the debtor that were not paid by
18 any third-party payor and were greater
19 than the lesser of—

20 “(I) 10 percent of the debtor’s
21 adjusted gross income (as such term
22 is defined in section 62 of the Internal
23 Revenue Code of 1986); or

24 “(II) \$10,000;

1 “(ii) did not receive domestic support
2 obligations, or had a spouse or dependent
3 who did not receive domestic support obli-
4 gations, of at least \$10,000 due to a med-
5 ical issue of the person obligated to pay
6 that would cause the obligor to meet the
7 requirements under clause (i) or (iii), if the
8 obligor was a debtor in a case under this
9 title; or

10 “(iii) experienced a change in employ-
11 ment status that resulted in a reduction in
12 wages, salaries, commissions, or work
13 hours or resulted in unemployment due
14 to—

15 “(I) an injury, deformity, or dis-
16 ease of the debtor; or

17 “(II) care for an injured, de-
18 formed, or ill dependent or non-
19 dependent parent, grandparent, sib-
20 ling, child, grandchild, or spouse of
21 the debtor; or

22 “(B) a debtor who is the spouse of a debt-
23 or described in subparagraph (A).”.

24 (b) CONFORMING AMENDMENTS.—Section 104 of
25 title 11, United States Code, is amended—

1 (1) in subsection (a), by inserting
 2 “101(39C)(A),” after “101(19)(A),”; and
 3 (2) in subsection (b), by inserting
 4 “101(39C)(A),” after “101(19)(A),”.

5 **SEC. 3. EXEMPTIONS.**

6 (a) EXEMPT PROPERTY.—Section 522 of title 11,
 7 United States Code, is amended by adding at the end the
 8 following:

9 “(r)(1) If a medically distressed debtor exempts prop-
 10 erty listed in subsection (b)(2), the debtor may, in lieu
 11 of the exemption provided under subsection (d)(1), elect
 12 to exempt the debtor’s aggregate interest, not to exceed
 13 \$250,000 in value, in property described in paragraph (3)
 14 of this subsection.

15 “(2) If a medically distressed debtor exempts prop-
 16 erty listed in subsection (b)(3) and the exemption provided
 17 under applicable law specifically for the kind of property
 18 described in paragraph (3) is for less than \$250,000 in
 19 value, the debtor may elect to exempt the debtor’s aggre-
 20 gate interest, not to exceed \$250,000 in value, in any such
 21 property.

22 “(3) The property described in this paragraph is—
 23 “(A) real property or personal property that the
 24 debtor or a dependent of the debtor uses as a resi-
 25 dence;

1 “(B) a cooperative that owns property that the
2 debtor or a dependent of the debtor uses as a resi-
3 dence; or

4 “(C) a burial plot for the debtor or a dependent
5 of the debtor.”.

6 (b) CONFORMING AMENDMENTS.—Section 104 of
7 title 11, United States Code, is amended—

8 (1) in subsection (a), by inserting “522(r),”
9 after “522(q),”; and

10 (2) in subsection (b), by inserting “522(r),”
11 after “522(q),”.

12 **SEC. 4. WAIVER OF ADMINISTRATIVE REQUIREMENTS.**

13 (a) CASE UNDER CHAPTER 7.—Section 707(b) of
14 title 11, United States Code, is amended by adding at the
15 end the following:

16 “(8) Paragraph (2) does not apply in any case
17 in which the debtor is a medically distressed debt-
18 or.”.

19 (b) CASE UNDER CHAPTER 13.—Section 1325(b)(1)
20 of title 11, United States Code, is amended—

21 (1) in subparagraph (A), by striking “or” at
22 the end;

23 (2) in subparagraph (B), by striking the period
24 at the end and inserting “; or”; and

25 (3) by adding at the end the following:

1 “(C) the debtor is a medically distressed
2 debtor.”.

3 **SEC. 5. CREDIT COUNSELING.**

4 Section 109(h)(4) of title 11, United States Code, is
5 amended by inserting “a medically distressed debtor or”
6 after “apply with respect to”.

7 **SEC. 6. STUDENT LOAN UNDUE HARDSHIP.**

8 Section 523(a)(8) of title 11, United States Code, is
9 amended by inserting “the debtor is a medically distressed
10 debtor or” before “excepting”.

11 **SEC. 7. ATTESTATION BY DEBTOR.**

12 Section 521 of title 11, United States Code, is
13 amended by adding at the end the following:

14 “(k) If the debtor seeks relief as a medically dis-
15 tressed debtor, the debtor shall file a statement of medical
16 expenses relevant to the determination of whether the
17 debtor is a medically distressed debtor, which statement
18 shall declare under penalty of perjury that such medical
19 expenses were not incurred for the purpose of bringing the
20 debtor within the meaning of the term medically distressed
21 debtor.”.

22 **SEC. 8. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.**

23 (a) EFFECTIVE DATE.—Except as provided in sub-
24 section (b), this Act and the amendments made by this
25 Act shall take effect on the date of enactment of this Act.

1 (b) APPLICATION OF AMENDMENTS.—The amend-
2 ments made by this Act shall apply only with respect to
3 cases commenced under title 11, United States Code, on
4 or after the date of enactment of this Act.

