



KAY IVEY  
GOVERNOR

MARK FOWLER  
COMMISSIONER

STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
201 MONROE STREET, SUITE 502  
POST OFFICE BOX 303351

MONTGOMERY, ALABAMA 36130-3351  
TELEPHONE: (334) 269-3550  
FACSIMILE: (334) 241-4192  
INTERNET: [www.aldoi.gov](http://www.aldoi.gov)

DEPUTY COMMISSIONERS  
JIMMY W. GUNN  
LARRY CHAPMAN


CHIEF EXAMINER  
SHEILA TRAVIS

STATE FIRE MARSHAL  
SCOTT F. PILGREEN

GENERAL COUNSEL  
REYN NORMAN

**BULLETIN NO. 2023-02**

**TO:** All property and casualty insurers admitted or doing business in Alabama

**FROM:** Mark Fowler  
Commissioner of Insurance 

**DATE:** May 4, 2023

**RE:** Medical bill factoring and altering medical bills

**EFFECTIVE:** Immediately

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The Commissioner of Insurance has determined as follows:

1. The business of properly factoring medical bills is not deemed to be business of "insurance" as defined in the Insurance Code [Ala. Code Tit. 27]. Proper factoring occurs when a medical provider issues a bill and a factor purchases, from the medical provider, the right to collect the billing from the patient.

2. Medical billing issued, modified and/or augmented by a third party in such a manner as to reflect charges exceeding those originally billed by the treating providers and done with reasonable anticipation that such billing may be submitted to a health or liability insurer as a *bona fide* bill can be "insurance fraud" as defined in Ala. Code § 27-12A-2 subjecting a person or business entity to possible criminal liability. The Department's Fraud Bureau, the insurance fraud unit created under authority of Ala. Code § 27-12A-40, may conduct inquiries or investigate allegations and cause prosecution of insurance fraud.

MF/JFM/ct