



RELIEF + PREVENTION + PROTECTIONS

from medical debt in North Carolina

Background: A New NCDHHS Initiative

All 99 acute care hospitals around the state have decided to participate in a **new program** offered by the North Carolina Department of Health and Human Services (NCDHHS). This new program aims to:



RELIEVE
existing medical
debt for patients



PREVENT
new medical debt
for patients



PROTECT
patients from unfair debt
collection practices

These policies and protections are only applicable at participating hospitals.

Relieving Medical Debt for North Carolinians

The following medical debt relief measure must take place by **July 1, 2025**:

- Hospitals must relieve or donate all *unpaid patient medical debt dating back to January 1, 2014*, for North Carolina residents enrolled in Medicaid (including Family Planning Medicaid).

Beginning **July 1, 2026**:

- For patients with incomes up to 300% of the Federal Poverty Level (FPL), payment plans will be **capped at 36 months** (even if they do not get immediate debt relief) **with no change** in the monthly payment amount.
- For patients with incomes up to 300% FPL, all outstanding balances associated with payment plans where a patient has made payments for **more** than 36 months will also be relieved.
- Hospitals will relieve all medical debt considered *uncollectible dating back to January 1, 2014*, for any North Carolina resident not enrolled in Medicaid with incomes at or below 350% FPL or if their total medical debt owed to the hospital exceeds 5% of their annual income.

If hospitals cannot collect the debt or establish a payment plan within two years of the original date of service, the debt will be considered "uncollectible."

Patients will NOT have any tax liabilities from debt relief.



LEARN MORE: Scan the QR code or go to ncjustice.org/medical-debt.

Preventing Medical Debt and Cutting Red Tape for Patients

Hospitals are required to create a plain language “Medical Debt Mitigation Policy” that is linked to on the hospital’s homepage. These policies will cut red tape for eligible patients by establishing presumptive eligibility for financial assistance and reducing the burden of paperwork they must submit.

For inpatient and outpatient hospital services, by **January 1, 2025**, hospitals must provide discounts on medical bills based on household size and monthly income, as shown in the table below.

Household Size	100% DISCOUNT	75% DISCOUNT	50% DISCOUNT
	Monthly Income* < 200% FPL	Monthly Income 200% - 250% FPL	Monthly Income 250% - 300% FPL
Single adult	Less than \$2,510.00	\$2,510.00 - \$3,137.50	\$3,137.50 - \$3,765.00
Family of 2	Less than \$3,406.67	\$3,406.67 - \$4,258.33	\$4,258.33 - \$5,110.00
Family of 3	Less than \$4,303.33	\$4,303.33 - \$5,379.17	\$5,379.17 - \$6,455.00
Family of 4	Less than \$5,200.00	\$5,200.00 - \$6,500.00	\$6,500.00 - \$7,800.00
Family of 5	Less than \$6,096.67	\$6,096.67 - \$7,620.83	\$7,620.83 - \$9,145.00

* *Income limits are updated annually.*

- Discounts must be applied to the amount the patient owes (i.e., the “amount generally billed” for uninsured individuals or the amount owed by insured patients after insurance payments, excluding co-pays).¹
- Interest rate for medical debt held by hospitals will be capped at 3%.
- Beginning **January 1, 2025**, payment plans must be capped at 36 months and monthly payments cannot exceed 5% of the total household income for people with incomes between 200% - 300% FPL. If the hospital offers an alternative payment plan that exceeds 36 months, the amount of money collected from the patient including principal and interest cannot exceed what would have been collected under the 36-month/5% income plan.

Curbing Problematic Medical Debt Collection Practices

Beginning **July 1, 2025**, hospitals and/or their debt collectors **CANNOT**:



Sell debt to third parties for people with incomes up to 300% FPL unless it is for debt relief.



Sell debt to third parties before 120 days after the first bill has been sent to the patient.



Take certain actions to collect medical debt, including garnishing state tax refunds.



Report medical debt to a credit reporting agency.



Initiate legal action against a patient for any claims if an insurance appeal or review is pending within 60 days.

¹ As required under Section 501(r) of the Internal Revenue Code, for emergency and medically necessary services, non-profit hospitals may not charge individuals eligible for the hospital’s financial assistance policy more than the “amount generally billed” (AGB) to individuals who have insurance covering such care.