New Jersey Strategies to
Prevent Medical Debt

Balance Billing and Short-Term Insurance

The federal No Surprises Act (NSA) protects patients from surprise medical bills (also referred to as "balance bills"), which are unexpected costs from out-of-network providers. Under the federal legislation, patients receiving emergency care or who are unknowingly treated by out-of-network providers during an in-network procedure are only required to pay the in-network cost-sharing amount for services provided. Effective January 1, 2022, the No Surprises Act applies to most health plans but not all care sites and services. States can legislate additional protections for balance bills not covered under the NSA, such as for ground ambulances, or limit the number of short-term, limited duration health plans available in the state, which traditionally cover fewer services putting enrollees at greater risk of incurring balance bills. Strategies examine in this section include:

Prohibitions on Balance Billing for Ground Ambulance Services

Prohibitions on Short-Term, Limited Duration Health Plans

Charity Care and Community Benefit Requirements

This section reviews state laws aimed at preventing medical debt, including mandates for hospitals and health care providers to offer financial assistance policies, screen patients for insurance and charity care eligibility, and inform patients of charity care policies before collecting payment. Strategies examined in this section include:

Mandated Hospital Charity Care

Hospital Charity Care Screening Requirements

Hospital Charity Care Notification Requirements

Hospital Community Benefit Reporting Requirements

Reducing Financial Consequences

This section examines how a state regulates providers' ability to collect medical debt once it has been incurred. States can mitigate the financial harm of medical debt by regulating how and when providers and collection agencies pursue repayment or by limited aggressive collection actions. Strategies examined in this section include:

Mandated Waiting Period Prior to Sending a Bill to Collections

Limits on Liens or Foreclosures due to Medical Debt

Limits on Wage Garnishment due to Medical Debt

Limits on the Amount of Interest Charged to Medical Debt

Medical Debt Prevention

Balance Billing and Short-Term Insurance

Policy	Status as of June 2025	Summary
Prohibits Balance Billing for Ground Ambulance Services	⊗ Does not prohibit balance billing for out-of-network ground ambulance services	
Prohibits Short-Term, Limited Duration Health Plans	● State law has eliminated short-term, limited duration health plans	Short-term, limited-duration health plans are not recognized as standard health benefit plans and are prohibited from being sold in New Jersey.

● State Has Active Policy or Program ◉ Policy or Program Partially Implemented ⊗ State Does Not Have an Active Policy or Program ✱ No Source, or Limited Information Found

Medical Debt Prevention

Charity Care and Community Benefit

Policy	Status as of June 2025	Summary
Mandated Hospital Charity Care	State law requires hospitals to provide free or discounted care to low-income patients and sets standards for eligibility (see notes)	New Jersey requires hospitals to provide charity care or discounted care to individuals with incomes up to 300% of the federal poverty level (FPL).
Hospital Charity Care Screening Requirements	State law requires health care providers to screen patients for Medicaid, Marketplace, or charity care eligibility before collecting payment	Hospitals must screen patients for charity care eligibility based on state criteria and document the process, including whether the patient has insurance or qualifies for medical assistance programs. If a patient is uninsured or underinsured, the hospital must refer them for Medicaid screening and track the outcome. If the hospital fails to notify or screen an eligible patient within the required timeframe, it cannot bill the patient or claim reimbursement.
Hospital Charity Care Notification Requirement	State law requires health care providers to notify patients of charity care options before collecting payment	New Jersey law requires hospitals to give all patients written notice about the availability of charity care and affordable coverage options at the time of service or no later than when the first bill is issued.
Hospital Community Benefit Reporting Requirement	State law requires hospitals to annually report the amount of charity care provided	New Jersey hospitals are required to submit claims to the state which must include information related to charity care and bad debts.

State Has Active Policy or Program | Policy or Program Partially Implemented | State Does Not Have an Active Policy or Program | * No Source, or Limited Information Found

Medical Debt Prevention

Reducing Financial Consequences

Policy	Status as of June 2025	Summary
Mandates Waiting Prior to Collections	State law prohibits sending medical debts to collections for a prescribed period (see note)	Hospitals and medical debt collectors in New Jersey to wait at least 120 days after sending the first bill before selling a patient's debt to another party or initiating any other collection actions. Additionally, they must provide the patient with an extra bill and written notice at least 30 days before selling a patient's debt to another party and, If an insurance appeal is pending, hospitals and collectors may not attempt to collect the debt or pursue legal action until the appeal is resolved. New Jersey law requires hospitals to wait at least 120 days after sending the first bill before selling a patient's debt (or initiating any other collection actions). They are also required to provide the patient with an additional bill and written notice at least 30 days before taking further action. If an insurance appeal is pending, they are prohibited from selling a patient's debt until the appeal is resolved.
Limits on Liens or Foreclosures due to Medical Debt	State law does not prohibit initiating a lien or foreclosure to collect medical debt	
Limits Wage Garnishment due to Medical Debt	State law exceeds federal wage garnishment protections for residents with medical debt	New Jersey law prohibits wage garnishment for medical debt if a patient's annual income is below 600% of the federal poverty level (FPL). For those earning above that amount, up to 25% may be garnished.
Limits on the Amount of Interest Charged to Medical Debt	State law limits interest rates on medical debt	Hospitals and medical debt collectors in New Jersey cannot charge more than 3% interest per year on unpaid medical debt.

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