North Carolina 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	⊗ Short-term, limited duration health plans are not prohibited or eliminated	

● 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)	As of January 1, 2025, hospitals participating in the Healthcare Access and Stabilization Program (HASP) are required to adopt a financial assistance policy to provide free care to patients that earn at or below 200% FPL, and discounted care for patients that earn up to 300% FPL. As of 2025, all acute care hospitals in the state participate in HASP.
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 participating in the Healthcare Access and Stabilization Program (HASP) are required to establish a process to screen patients for charity care without requiring an application. Patients will automatically qualify if enrolled in public benefit programs like WIC or SNAP, are homeless, or if anyone in their household is on Medicaid. As of 2025, all acute care hospitals in the state participate in HASP.
Hospital Charity Care Notification Requirement	State law requires health care providers to notify patients of charity care options before collecting payment	North Carolina requires nonprofit hospitals to notify patients of the facility's charity care and financial assistance policies.
Hospital Community Benefit Reporting Requirement	State law requires hospitals to annually report the amount of charity care provided	North Carolina requires nonprofit hospitals to report their charity care policies and annual financial assistance costs each year. These reports must include charity care provided, total bad debt, and the estimated portion of bad debt from patients who would have qualified for financial assistance.

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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)	North Carolina hospitals must provide a 30 days notice and wait until charity care or financial assistance applications are resolved before referring a patient to collections. Beginning July 1, 2025, hospitals in the Healthcare Access and Stabilization Program (HASP) will be prohibited from referring any medical debt to collections if the patient earns 300% FPL or less annually (unless it is sold to eliminate the debt). For patients above 300% FPL, hospitals will be required to wait 120 days after sending the first bill before selling the debt. As of 2025, all acute care hospitals in the state participate in HASP.
Limits on Liens or Foreclosures due to Medical Debt	State law does not prohibit initiating a lien or foreclosure to collect medical debt	North Carolina prohibits creditors from placing a lien on a patient's home and up to five surrounding acres for medical debt, and bans foreclosure related to medical debt incurred by a minor. Beginning July 1, 2025, all hospitals participating in the Healthcare Access and Stabilization program will be prohibited from initiating foreclosure to collect medical debt. As of 2025, all acute care hospitals in the state participate in HASP.
Limits Wage Garnishment due to Medical Debt	State law exceeds federal wage garnishment protections for residents with medical debt	North Carolina prohibits wage garnishment for consumer debt. Beginning July 1, 2025, all hospitals participating in the Healthcare Access and Stabilization program will be prohibited from garnishing a patients wages to collect medical debt. As of 2025, all acute care hospitals in the state participate in HASP.
Limits on the Amount of Interest Charged to Medical Debt	The state has not enacted a law to limit interest rates for medical debt	Beginning July 1, 2025, hospitals participating in the Healthcare Access and Stabilization Program (HASP) will be required to cap interest rates on medical debt at 3%. In 2025, all acute care hospitals in the state had opted in to participating in the HASP.

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