Vermont 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	● Prohibits balance billing for out-of-network ground ambulance services	Vermont has established balance bill protections that extend to both public and private ground ambulance services but do not cover non-emergency transport.
Prohibits Short-Term, Limited Duration Health Plans	● State law has eliminated short-term, limited duration health plans	STLD health plans aren't explicitly banned in the state, but strict regulations have effectively removed them from the market.

● 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)	Hospitals in Vermont must provide free care to those earning up to 250% of the federal poverty level (FPL), discounted care for those earning between 251% and 400% FPL, and catastrophic assistance for those earning up to 600% FPL if their medical bills exceed 20% of their household income.
Hospital Charity Care Screening Requirements	State does not require health care providers to screen patients for Medicaid, Marketplace, or charity care eligibility before collecting payment	
Hospital Charity Care Notification Requirement	State law requires health care providers to notify patients of charity care options before collecting payment	Large health care facilities in Vermont are required to publicize their financial assistance policies, provide paper copies on request, offer translations, and inform patients about financial assistance through notices and billing statements. It also requires direct notification to patients during their first visit and on billing statements.
Hospital Community Benefit Reporting Requirement	State law requires hospitals to annually report the amount of charity care provided	Hospitals are required to file annual reports to the Green Mountain Care Board that must include information on bad debt, charity care, or both.

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)	Large health care facilities in Vermont are prohibited from selling medical debt to collections agencies.
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	Vermont law prohibits wage garnishment for residents who received assistance from the Vermont Department for Children and Families or the Department of Vermont Health Access within two months before a judicial hearing.
Limits on the Amount of Interest Charged to Medical Debt	State law limits interest rates on medical debt	Vermont law bars hospitals and medical debt collectors from charging interest, late fees, or prepayment penalties on medical debt owed by a patient who qualifies for discounted or free charity care.

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

November 2025

healthcarevaluehub.org

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