

616 Fifth Avenue, Suite 106
Belmar, NJ 07719
732-201-4133
CHIEF EXECUTIVE OFFICER: WILL Melofchik



PRESIDENT: Asw. Pamela Hunter, NY
VICE PRESIDENT: Sen. Paul Utke, MN
TREASURER: Rep. Edmond Jordan, LA
SECRETARY: Rep. Jim Dunnigan, UT

IMMEDIATE PAST PRESIDENT:
Rep. Tom Oliverson M.D., TX

National Council of Insurance Legislators (NCOIL)

Hospital Financial Assistance and Medical Debt Reform Model Act

**Sponsored by Rep. Tom Oliverson (TX).*

**Draft as of ~~March 18, 2026~~ ~~October 14, 2025~~. To be ~~introduced and discussed during the Health Insurance & Long Term Care Issues Committee on April 17, 2026~~ ~~November 13, 2025~~.*

Table of Contents

- Section 1. Title
- Section 2. Purpose
- Section 3. Definitions
- Section 4. Hospital Financial Assistance Screening
- Section 5. Calculation of Net Patient Revenue
- Section 6. Credit Reporting and Debt Collection for Debt Related to Lifesaving and Emergency Care
- Section 7. Rules
- Section 8. Effective Date

Section 1. Title

This Act shall be known as the [State] Hospital Financial Assistance and Medical Debt Reform Act.

Section 2. Purpose

The purpose of this Act is to ensure hospitals implement adhere to appropriate charity care screening procedures, and to prohibit creditors and debt collectors from reporting to any consumer reporting agency medical debt obtained from lifesaving and emergency care services rendered at certain medical facilities.

Section 3. Definitions

As used in this Act, the following terms shall have the following meaning:

(A) "Hospital Financial Assistance," means a hospital's or hospital system's financial assistance and free or charity care program.

Commented [A1]: We have seen these terms often used interchangeably and would recommend going with financial assistance. That term is understood by consumers more accurately as assistance they are legally entitled to. Whereas the term "charity care" can carry a sense of shame or stigma about the need for charity. This terminology is also consistent with [IRS section 501\(r\)\(4\)](#) requirements for hospitals.

Deleted: Charity Medical Care

Deleted: Charity Care

Deleted: Charity Medical Care

Deleted: certain

Deleted:

Deleted: Charity program

(B) "Commission" means the Health and Human Services Commission.

Drafting Note: States may wish to replace Health and Human Services Commission with a different regulatory entity.

(C) "Consumer" means an individual who receives eligible health care services at a hospital in the state.

Commented [A3]: It may be worth considering if residents of other states, who are receiving care across state lines, should also be included, as is often the case in rural communities.

Deleted: is a resident of this

(D) "Consumer report" has the meaning ascribed to it in 15 U.S.C., Section 1681a(d).

(E) "Consumer reporting agency" means any consumer reporting agency, credit bureau, or similar agency which furnishes a credit report or rating as well as any agency within the meaning ascribed to it in 15 U.S.C., Section 1681a(f).

(F) "Creditor" means one in whose favor an obligation exists, by reason of which he or she is, or may become, entitled to the payment of money.

(G) "Debt collector" means any person who regularly collects, or attempts to collect, consumer debts for another person or institution or uses some name other than its own when collecting its own medical debts.

(H) "Executive commissioner" means the executive commissioner of the commission.

Drafting Note: States may wish to replace "Executive commissioner" with the head of the relevant regulatory entity charged with implementing this Act.

~~(K)~~ "Medical debt" means a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to that person's agent or assignee, for the provision of medical services, products, or devices. Medical debt includes, but is not limited to, debt owed to a(n) [State] medical facility.

Deleted: (I) "Hospital" means a nonprofit hospital.

~~(L)~~ "Lifesaving and emergency care services" means the necessary medical or surgical care services rendered to treat a potentially life-threatening condition or symptom.

~~(M)~~ "[State] medical facility" includes, but is not limited to, any hospital or related institution licensed pursuant to [insert citation to relevant state licensing statute], nursing facilities licensed pursuant to [insert citation to relevant state licensing statute], and medical offices operated by or employing physicians, physical therapists, physician assistants, pharmacists, nurses, and home health care providers within this state.

~~(N)~~ "Presumptive screening process" means the process by which a hospital uses publicly available data and information to estimate a patient's percentage of the federal poverty level for use in applying for charity or financial assistance benefits.

(O) "Reasonable efforts" has the meaning assigned in 26 CFR § 1.501(r)(6).

Section 4. Hospital Financial Assistance Program, Screening

Deleted: Charity Care

(A) Using the process prescribed by the commission under this section, a ~~non-disproportionate share~~ hospital shall screen all patients for eligibility of the hospital's financial assistance ~~policy~~. A hospital cannot pursue debt collections of any patient account until the hospital verifies the patient is not eligible for the hospital's financial assistance ~~policy~~.

Deleted: program and charity care

Deleted: program and charity care

(B) Nothing in this section shall require or obligate a hospital to:

(1) perform a presumptive screening process when billing for elective procedures including but not limited to cosmetic procedures;

(2) provide non-emergent care to a patient who resides outside the hospital's defined community as specified in the hospital's financial assistance policy as required by Internal Revenue Service Code 501(r).

(~~C~~B) The executive commissioner of the Health and Human Services Commission shall adopt by rule the process for screening a patient for eligibility for hospital financial assistance under Subsection (A). The rule established by the commission shall:

Deleted: charity care

(1) clearly define what constitutes a violation of the process by a hospital;

(2) establish clear timeframes for:

(a) notice of the violation by the commission to the hospital; and

(b) review and approval of the corrective action plan by the commission.

(3) identify any applicable state resources and data sources to which the commission will facilitate hospital queries to expedite and automate the eligibility screening process to the extent possible.

(~~D~~C) The rules and process adopted under Subsection (B) must require a hospital:

(1) before sending a bill to the patient, to conduct ~~the a~~ a presumptive screening process and apply any hospital financial assistance ~~discounts up to 100% of the patient responsibility or full-cost coverage~~ for which the patient qualifies ~~on the basis of that screening fee~~; and

Deleted: charity care

(2) include on each billing statement notice of:

(a) the availability of financial assistance;

(b) the contact information for the office or department of the hospital that can provide information about obtaining financial assistance; and

(c) the direct Internet address for the financial assistance policy.

~~(E)~~ A patient may apply or re-apply for hospital financial assistance if the patient was screened for eligibility and was ~~found determined~~ not to be eligible, ~~to demonstrate a change in their financial circumstances during the application period, or to demonstrate that a prior determination was made in error or the patient disagrees with the amount of the charity care discount.~~

Deleted: charity care

~~(F)~~ The inability to establish a patient's eligibility for financial assistance based on insufficient or inaccurate information supplied by the patient and/or queried from external sources after reasonable efforts to obtain and verify such information shall not constitute a violation of any rule or process adopted under Subsection (C).

Deleted: or charity care discounts

~~(G)~~ If a hospital makes an incorrect determination under Subsection (A) based on the information provided by the patient at the time of the determination, the hospital shall:

- (1) refund any payment made by the patient in the amount of hospital financial assistance for which the patient qualified; and
- (2) reimburse any other associated reasonable costs, such as legal expenses and fees, incurred by the patient in securing charity care.

Deleted: charity care

~~(H)~~ If the hospital sold debt based on an incorrect determination to a collection agency or authorized a collection agency to collect the debt on behalf of the hospital, the hospital shall notify the collection agency that the debt is invalid.

~~(I)~~ If the commission determines that a hospital fails to comply with this section:

- (1) upon the first violation, the commission shall ~~institute~~ require the hospital to design and institute a corrective action plan for the hospital and post it on the commission's website that:
 - (a) establishes a reasonable time period for the hospital to amend its procedures and train staff on changes where applicable to avoid future violations;
 - (b) is submitted to the commission for review and approval within xx business days of notice of the first violation; and
 - (c) is posted on the commission's internet website upon approval.
- (2) upon ~~the second~~ any violation after the corrective action plan has been instituted by the hospital:
 - (a) the commission shall apply an administrative penalty of not less than \$xx; and

(b) apply a probationary period of not more than xx days, after which the commission shall confirm that the hospital is in compliance with this section; and

(3) upon the ~~third~~ any violation after completion of the probationary period, the commission shall inform the attorney general of the nature of the non-compliance, who ~~may shall~~ bring an action in the name of this state to revoke the hospital's state tax exemptions.

Section 5. Calculation of Net Patient Revenue

(A) When calculating net patient revenue under [insert citation to applicable charity care financial statutes], a hospital or hospital system shall include all and facilities and practices offering medical services located in this state under the common governance of a single corporate parent, regardless of their radius from that corporate parent.

(B) All facilities described by Subsection (A) must comply with hospital financial assistance screening requirements found in Section 4.

Deleted: charity care

Section 6. Credit Reporting and Debt Collection for Debt Related to Lifesaving and Emergency Care

(A) A health care provider doing business in this state shall include in any contract entered into with a collection entity a prohibition on reporting to any consumer reporting agency medical debt obtained from lifesaving and emergency care services rendered at an [State] medical facility.

Deleted: Creditors and debt collectors are prohibited from

(B) Consumer reporting agencies are prohibited from including consumer debt obtained from lifesaving and emergency care services rendered at a(n) [State] medical facility on a consumer report.

Commented [A4]: We would recommend that this protection apply to all hospitals' contracting activities. Patients have little choice about which hospital they receive their care from, and there is significant variability across states in the availability of state institutions they may be able to choose.

Section 7. Rules

The [insert appropriate state agency] shall adopt rules to effectuate the provisions of this Act.

Section 8. Effective Date

This Act shall take effect xxxxxx