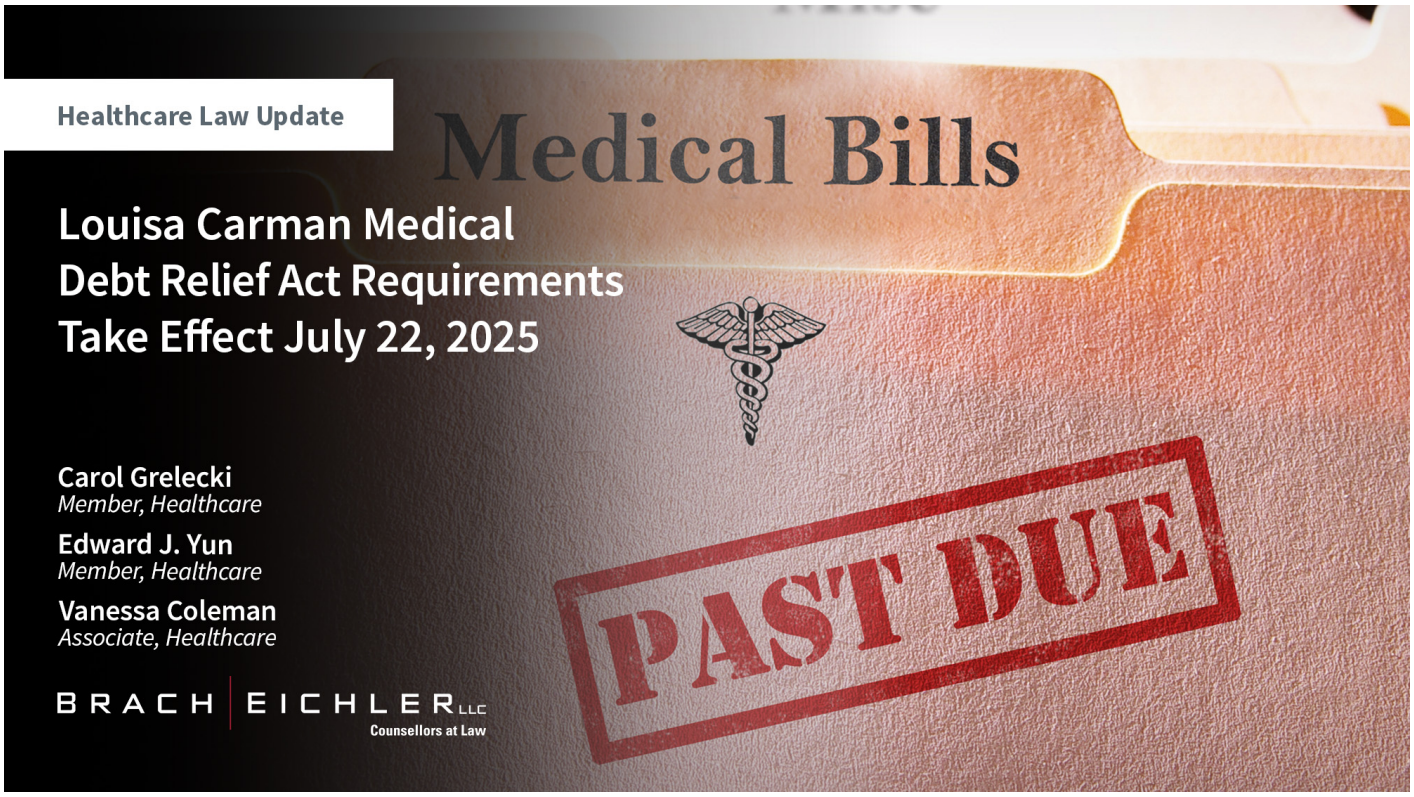
# Louisa Carman Medical Debt Relief Act Requirements Take Effect July 22, 2025




*7/1/2025*

The Louisa Carman Medical Debt Relief Act prohibits medical creditors and debt collectors from reporting medical debt to consumer reporting agencies (e.g. Experian, TransUnion) for healthcare services provided on or after July 22, 2024. A medical creditor includes any healthcare provider such as a physician, ambulatory surgery center, or hospital to whom a patient owes a medical debt (i.e., debt arising from the receipt of healthcare services). Any attempt to collect medical debt must include a notice stating that it has not been reported to a consumer reporting agency and that any reported medical debt will be void.

Starting July 22, 2025, the New Jersey law will further prohibit medical creditors and medical debt collectors from (i) charging an interest rate on medical debt of more than 3% per year; (ii) garnishing the wages of a patient with an annual income less than 600% of the federal poverty level; (iii) beginning collection actions until after an additional medical bill and notice of the collection action is sent to the patient at least 30 days before initiating a collection action; and (iv) beginning collection actions until 120 days after the first medical bill for medical debt was sent and the patient has been offered a "reasonable payment plan." A "reasonable payment plan" is defined as a structured repayment arrangement that satisfies the following criteria: (i) monthly payment amounts set at a level that the patient can reasonably afford or no more than 3% of a patient's monthly income, if known; (ii) a duration that allows the patient to repay the debt in full within a reasonable timeframe (i.e., between 3 months and 5 years depending on the amount owed); (iii) the terms of the payment plan are documented in a written agreement provided to the patient; (iv) provisions for adjusting the payment amounts and duration in response to changes in the patient's financial circumstances; (v) a grace period of at least 60 days for late payments; and (vi) charges an interest rate of not more than 3% per year.

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