

Governor Phil Murphy

Governor Murphy Signs "Louisa Carman Medical Debt Relief Act"

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Legislation Honors Late Governor's Office Policy Analyst

Protects New Jerseyans from Falling into Medical Debt

TRENTON – Governor Phil Murphy today signed the Louisa Carman Medical Debt Relief Act which will help New Jersey families avoid falling into medical debt and protect individuals from predatory medical debt collectors. The Louisa Carman Medical Debt Relief Act is named in honor of a member of the Governor's Office who helped craft the proposal before tragically passing away in a car accident on New Year's Day at the age of 25. Joined by Louisa's family and advocates, the Governor signed the bill, advancing his Administration's efforts to make New Jersey's health care system more accessible and more affordable for more people.

"With this legislation, we honor Louisa by carrying forward her mission to ensure every New Jerseyan can access the health care they deserve without breaking the bank," **said Governor Murphy**. "The Louisa Carman Medical Debt Relief Act is a monumental step toward building a health care system that is more affordable and more accessible for families all across New Jersey. And it will always stand as a testament to the indispensable role Louisa played in transforming our health care system for the better, so we can protect all of our neighbors from being forced to choose between seeking potentially life-saving care or falling into a medical debt trap."

"Louisa was a valued, brilliant, and talented member of our team who dedicated every day to bettering our health care system and the lives of New Jerseyans across the state," **said Lieutenant Governor Tahesha Way**. "This legislation comes at a critical time where more than one in ten people in New Jersey, and even more in our Black and Brown communities, have medical debt in collections. This Louisa Carman Medical Debt Relief Act would not exist without her passion and advocacy and it will help thousands of families access the care they need and deserve without fear of financial ruin."

"Louisa joined the Governor's Office of Health Care Affordability and Transparency in the fall of 2021, and immediately set herself apart as a quick learner and fierce advocate for our most vulnerable neighbors," **said the Bradlow Carman Family**. "She inspired her colleagues – as well as her friends and family members – to adopt her passion for combatting predatory medical debt collection and ending the indignity of medical debt. We thank Governor Murphy, the bill sponsors, as well as the advocates who ensured that this legislation would be a meaningful and lasting testament to Louisa's heart, brilliance, and passion for fighting for families struggling with medical debt."

"Louisa will be remembered as a young, bright, passionate public servant who cared deeply about policy making to improve people's lives," **said Shabnam Salih, Director of the Office of Health Care Affordability**. "Her work gave us the foundation for the critical consumer protections against medical debt provided through this legislation and her work will live on to help so many individuals and their families to be less burdened by the crushing impact of medical debt."

This bill prohibits a medical creditor or medical debt collector from reporting a patient's medical debt to any consumer reporting agency for health care services performed on or after the effective date of the bill.

Further, the legislation prohibits a medical creditor or medical debt collector from:

(1) making a consumer report containing a patient's paid medical debt or a medical debt worth less than \$500,


Back
to top

regardless of the date the medical debt was incurred;

(2) charging an interest rate on a medical debt of more than three percent per year;

(3) garnishing the wages of a patient with an annual income of less than 600 percent of the federal poverty level to collect medical debt owed by that patient; or

(4) engaging in any collection actions against a patient until 120 days after the first bill for a medical debt has been sent or against a patient who accepts and complies with the terms of a reasonable payment plan.

Collection actions include selling the patient's debt to another party, placing a lien on the patient's property, attaching or seizing the patient's bank accounts, and garnishing the patient's wages.

The bill also provides certain protections to patients with medical debt from collection actions by medical creditors and medical debt collectors and provides that any portion of a medical debt furnished to a consumer reporting agency in violation of the bill will be void.

Lastly, the bill provides a medical creditor or medical debt collector that violates a provision of the bill may be subject to a civil penalty and may be ordered by the Attorney General to restore to interested parties any moneys or property acquired by means in violation of the bill.

Primary sponsors of the A3681/S2806 include Senators Shirley K. Turner and M. Teresa Ruiz, and Assemblymembers Verlina Reynolds-Jackson, Wayne P. DeAngelo, Anthony S. Verrelli, and Herb Conaway Jr.

"The rise in health care costs and resulting medical debt significantly burdens individuals and families, damaging credit scores and making it more difficult to gain employment, secure housing, obtain loans, and increasing the cost of auto insurance," **said Senator Shirley Turner**. "By prohibiting the reporting of certain types of medical debt to credit bureaus, we can give people a better chance at achieving financial stability and reduce the long-term negative impacts that unavoidable medical expenses have on their lives."

"Many individuals have either put off or postponed getting the care they need including medical testing or treatment recommended by a doctor due to crushing medical debt, which disproportionately impacts low-income areas and communities of color. Essex County, in particular, has one of the highest rates of medical debt in the state," **said Senate Majority Leader M. Teresa Ruiz**. "One accident or health scare should not jeopardize a person's financial future or ability to access health care. This measure will alleviate some of the financial strain medical debt imposes and will improve communities' wellness by removing barriers to care."

"Countless New Jerseyans have unique stories about the burden medical debt has caused them, stories that underscore the need for financial relief during and following terrifying and anxiety ridden times in their lives," **said Assemblywoman Verlina Reynolds-Jackson**. "With the signing of this bill, we honor Louisa's legacy by easing the financial burdens of medical debt on New Jersey families, shielding patients from aggressive debt collection practices, and allowing them to focus on healing and moving forward."

"Medical debt is the most common type of debt pursued by debt collectors, affecting credit scores, access to healthcare, and more," **said Assemblyman Anthony Verrelli**. "This bill will help protect patients from aggressive debt collection practices so they can focus on what matters most – healing and moving on."

"Anyone who has ever faced the burden of a health crisis followed immediately by crushing medical debt knows how utterly overwhelming and life-changing it can be," **said Assemblyman Wayne DeAngelo**. "The Louisa Carman Medical Debt Relief Act will ensure that, going forward, no one will have to choose between medical care and financial stability."

"The uninsured, parents, and those with lower incomes are among those most likely to have medical debt. No one should have to choose between paying medical bills and putting food on the table," **said Assemblyman Herb Conaway**. "This legislation is a critical step towards ensuring that patients in New Jersey can recover without the added stress of financial hardship."

"No one should have their credit ruined because they got sick or were injured," **said Laura Waddell, Health Care Program Director for New Jersey Citizen Action**. "This landmark law will help protect 1.5 million New Jersey

residents from the worst effects of medical debt. We thank Governor Murphy and lawmakers like Assemblywoman Verlina Reynolds-Jackson and Senator Shirley Turner for championing this legislation through some tough hurdles. New Jersey continues to lead in healthcare access and protections; the credit reporting ban component of the Act will take effect immediately, which is a game-changer for many consumers. We look forward to working with both the Governor and our State Legislature to ensure New Jersey consumers have all the financial protections from medical debt they need, and that the general public is made aware of their rights under this law."

"Most importantly, by banning the reporting of most medical debt to credit agencies, the Louisa Carman Medical Debt Relief Act will end the weaponization of credit reporting against those who are unlucky enough to get sick and run up bills they cannot afford to pay," **said Renée Steinhagen, Executive Director, New Jersey Appleseed Public Interest Law Center.** "With this law, they will no longer need to worry about their credit being ruined, which can make it harder to buy or rent a home or a car or even interfere with getting a job. The ban covers a broad range of medical debt – not just doctor or hospital services but also dental and vision, home nursing care, pharmaceuticals, devices, ambulances and other medical transport."

"The New Jersey Hospital Association is committed to supporting policies that reduce the burden of medical debt, ensuring every New Jerseyan has access to high-quality, affordable healthcare," **said Cathy Bennett, president and CEO of the New Jersey Hospital Association (NJHA).** "As out-of-pocket insurance costs continue to rise, it's imperative that we all work together to remove financial obstacles that prevent our communities from receiving the care they deserve. This bill is an important step forward in those efforts."

"The Louisa Carman Medical Debt Act goes a long way to protect blood cancer patients in New Jersey from the worst medical debt collection practices," **said Jana Boyer, the Executive Director at Leukemia & Lymphoma Society.** "We thank the Governor and the Legislature for their support in alleviating some of the burdens that medical debt puts on our patients and their families."

"Medical debt can push families into bankruptcy and prevent them from getting the health care they need, and this new law will put a stop to that," **said Brittany Holom-Trundy, Ph.D., Senior Policy Analyst at New Jersey Policy Perspective (NJPP).** "This tackles some of the most predatory aspects of medical debt by capping interest payments, banning medical debt from showing up on credit reports, and stopping wage garnishment for people with low incomes. With these changes, families in New Jersey will no longer have their health and finances ruined because of their medical bills. Governor Murphy, the bill sponsors, and health care advocates deserve a lot of credit for getting this done and setting a strong foundation for more consumer protections in the future."

"The signing of today's bill marks a crucial step forward in protecting consumers from the economic and emotional burdens of medical debt. MS is an expensive disease with the medical costs for someone living with MS being around \$67,000 more per year than the costs of someone without MS," **said Yasmin Nielsen, President of National MS Society, NJ Metro.** "This bill not only safeguards our communities but strengthens our commitment to fairness and compassion in healthcare. Together, we are ensuring that everyone can face health challenges without the added weight of financial insecurity. The National MS Society exists not only to end MS forever, but also to ensure that people affected by MS are empowered to live their best lives. Progress like this is a step towards that and shows what we can achieve when we work together for the well-being of all."

"For many years we have seen medical debt destroy the credit rating of patients who have been unfortunate enough to develop serious illness. Now, New Jersey has taken some positive steps in addressing this issue as Governor Murphy signs into law the Louisa Carman Medical Debt Relief Act," **said Debbie White, RN, HPAE President.** "This is a first step as we continue to advocate for stronger state and federal safeguards to protect our patients in this area."

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[Home \(/governor/\)](#)

[Administration](#)

[Governor Phil Murphy \(/governor/admin/about\)](#)

[Lt. Governor Tahesha Way \(/governor/admin/lt\)](/governor/admin/lt)
[In memoriam of Lt. Governor Sheila Y. Oliver \(/governor/admin/lt-sheila-y-oliver\)](/governor/admin/lt-sheila-y-oliver)
[Senior Staff \(/governor/admin/staff\)](/governor/admin/staff)
[Cabinet \(/governor/admin/cabinet\)](/governor/admin/cabinet)
[Office of Climate Action and the Green Economy \(/governor/climateaction/\)](/governor/climateaction/)
[Office of Equity \(/governor/admin/equity/\)](/governor/admin/equity/)
[Office of Health Care Affordability and Transparency \(/governor/admin/affordablehealthcare/index.shtml\)](/governor/admin/affordablehealthcare/index.shtml)
[Boards, Commissions & Authorities \(/governor/admin/bca\)](/governor/admin/bca)
[New Jersey Puerto Rico Commission \(https://www.nj.gov/puertoricocommission/\)](https://www.nj.gov/puertoricocommission/)
[Internship Opportunities \(/governor/admin/internship.shtml\)](/governor/admin/internship.shtml)
[Governor's Fellows Program \(/governor/admin/fellows\)](/governor/admin/fellows)
[Governor's Residence - Drumthwacket \(http://drumthwacket.org/\)](http://drumthwacket.org/)

Key Initiatives

[Economy & Jobs \(/governor/initiatives/#Economy\)](/governor/initiatives/#Economy)
[Education \(/governor/initiatives/#Education\)](/governor/initiatives/#Education)
[Environment \(/governor/initiatives/#Environment\)](/governor/initiatives/#Environment)
[Health \(/governor/initiatives/#Health\)](/governor/initiatives/#Health)
[Law & Justice \(/governor/initiatives/#Justice\)](/governor/initiatives/#Justice)
[Transportation \(/governor/initiatives/#Transportation\)](/governor/initiatives/#Transportation)

News & Events

[Press Releases \(/governor/news/news/562024/approved/news_archive.shtml\)](/governor/news/news/562024/approved/news_archive.shtml)
[Photos \(https://www.flickr.com/photos/govmurphy\)](https://www.flickr.com/photos/govmurphy)
[Public Addresses \(/governor/news/addresses\)](/governor/news/addresses)
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[Advice and Consent Appointments \(/governor/news/acappointments\)](/governor/news/acappointments)
[Statements on Legislation \(/governor/news/statements/approved/statements_archive.shtml\)](/governor/news/statements/approved/statements_archive.shtml)
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