



WHITE PAPER

Financial Assistance Reform Is Accelerating:

How Health Systems Can Prepare for 2026

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Transparency in hospital billing has lived in compliance manuals for years. In 2026, it becomes operational law.

Beginning in 2026, multiple states are implementing financial assistance legislation that codifies affordability and directly reshapes billing authority, collections workflows, and revenue cycle governance. [Maine's LD 1937](#), effective July 1, 2026, is one of the most [comprehensive](#) examples. North Carolina, Maryland, Vermont, and Oregon have enacted similar frameworks with enforceable timelines.



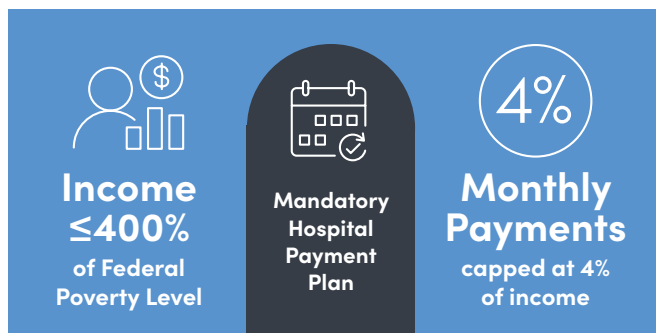
California, Colorado, and New York have likewise expanded statutory guardrails around charity care eligibility, credit reporting, and collection restrictions, signaling geographic normalization rather than isolated experimentation.

These reforms are not incremental policy adjustments. They establish statutory guardrails around how hospitals structure payment plans, pause collections, communicate eligibility, process applications, and document compliance. In doing so, they shift financial assistance from discretionary policy to regulated infrastructure.

For health systems, this is not a charity care update. It is a revenue cycle redesign.

What The New Financial Assistance Laws Actually Require

The latest multi-state reforms embed income-based affordability standards directly into billing rights. Under Maine's LD 1937, for example, hospitals must offer mandatory payment plans to patients earning up to [400% of the federal poverty level](#), with monthly payments capped at 4% of income.



Maine mandates standardized, plain-language, multilingual disclosures on billing statements and public financial assistance materials. Secure, mobile-accessible online applications must be available. Defined response timelines (thirty days for complete applications, forty-five for incomplete submissions) must be met and tracked. During application review, collections activity must pause. Logging and reporting to state agencies, such as [Maine DHHS](#), formalize financial assistance as an actively monitored compliance function.

Similar guardrails appear across other states. In 2025, Maryland's [SB 981](#) standardized financial assistance reductions, expanded hardship eligibility to 500%, and restricted litigation and credit reporting. [Vermont](#) codified statewide discount thresholds and reporting standards. As of January 2026, [Oregon SB 605](#) prohibited medical debt reporting to credit bureaus.

Colorado's HB 21-1198 strengthened billing transparency and restricted certain collection practices, including wage garnishment limitations. California continues to expand its Hospital Fair Pricing Act thresholds and disclosure requirements, alongside medical debt reporting restrictions. New York has advanced measures prohibiting hospital medical debt credit reporting and expanding statutory charity care eligibility standards.

Taken together, these reforms elevate affordability from a best practice to an enforceable condition of billing authority.

In several states, failure to comply no longer creates only reputational exposure. It creates statutory liability, litigation exposure, and in some cases economic funding implications.



The Operational Impact Is Deeper Than It Appears

At first glance, the laws read as expanded charity care. Operationally, they function as gating mechanisms that determine whether collections activity may proceed at all. It begins with payment logic. Income-capped payment plans require embedded income-verification workflows and automated calculation engines within billing platforms.

North Carolina's Healthcare Access and Stabilization Program (HASP) illustrates the next phase of policy evolution. Rather than solely prescribing billing mechanics, HASP ties hospital stabilization funding to defined access, coverage, and affordability expectations. This linkage moves affordability from billing compliance into the financial architecture of hospital reimbursement.

Patient access, financial counseling, IT integration, compliance oversight, vendor contracts, credit reporting relationships, and community benefit reporting under section §501(r) of the Internal Revenue Code (requirements for tax-exempt hospitals) are all implicated.

The risk is not eligibility expansion itself. The risk is [workflow fragmentation](#) – where compliance sits in one silo and collections logic operates in another.

When affordability logic and billing operations are disconnected, compliance and financial exposure increase.

But the ripple effects extend enterprise-wide.

- Multilingual disclosures reshape front-end and statement communications.
- Defined response timelines require service-level agreement (SLA) tracking infrastructure.
- Mandatory collection holds demand real-time coordination across financial counseling, patient access, billing systems, and third-party vendors.
- Reporting requirements necessitate audit-ready data governance and documentation controls.



North Carolina's HASP: The Most Structural Shift to Date

North Carolina's HASP, enacted alongside Medicaid expansion, represents the most structural affordability shift in the country to date. HASP is funded through a hospital assessment model that draws down federal Medicaid expansion dollars. In exchange, participating hospitals receive significant supplemental payments. Those payments, however, are conditioned on meeting defined access, coverage, and affordability obligations.

This alignment changes the risk calculus in three critical ways.

- 1 First, affordability performance is no longer limited to billing compliance. It intersects with reimbursement stabilization. Hospital stabilization funding is linked to affordability execution.
- 2 Second, the state's oversight posture assumes proactive and uniform application of financial assistance, not reactive deployment after collection friction. Operational consistency becomes measurable.
- 3 Third, HASP establishes a replicable model. By aligning Medicaid expansion economics, affordability guardrails, and hospital funding stabilization, North Carolina has created a policy template that other expansion states can adopt.

Unlike standalone financial assistance statutes, HASP integrates affordability into the broader economic structure of hospital finance. That structural integration is what makes it the most robust shift currently operating in the United States.





The Multi-State Acceleration Tells The Real Story

Maine is not an outlier. It is part of an accelerating pattern.

Hospital margins remain under sustained pressure. Bad debt and uncompensated care continue to strain balance sheets. Federal oversight under IRS §501(r) and national scrutiny around medical debt have elevated affordability into a policy priority. States are responding by formalizing income-based guardrails around billing and collections.

Income-based affordability is moving from internal policy discretion to mandatory, state-level statutory expectation. In parallel, several states are linking affordability expectations to broader access and stabilization frameworks, reinforcing that affordability is no longer discretionary.

In some states, affordability expectations are now aligned with funding stabilization mechanisms. In others, they are enforced through reporting mandates, litigation exposure, and credit reporting restrictions. The direction is consistent: affordability is becoming embedded infrastructure.

Health systems should view 2026 not as a single compliance deadline, but as a directional policy shift.

What Forward-Looking Healthcare Systems Are Doing Now

Preparation requires more than updating a financial assistance policy. It demands systems integration.



Leading organizations are:

- ✓ Conducting enterprise-level compliance gap assessments to map how income verification, payment plan generation, collections holds, and vendor workflows intersect.
- ✓ Revisiting third-party collections and credit reporting contracts to ensure statutory alignment.
- ✓ Building SLA tracking dashboards capable of withstanding audit review.
- ✓ Strengthening data governance to support state reporting and documentation standards.
- ✓ Embedding affordability logic directly into digital portals and financing platforms rather than layering it on top of existing processes.

In the next 90 days, executive teams should stress test whether affordability determination, payment plan generation, and collections authority operate within a synchronized workflow. If eligibility pauses rely on manual intervention rather than system logic, you remain exposed.

The most advanced systems are reframing financial assistance as core infrastructure — integrating compliance requirements directly into the patient financial experience so that eligibility determination, payment plan generation, and collections authority operate within one synchronized workflow. This level of integration supports not only statutory compliance, but also emerging state frameworks that link affordability performance to access, coverage, and financial sustainability.

Compliance readiness and financial discipline are no longer separate objectives. They are interdependent.



Compliance as a Strategic Differentiator

Hospitals that wait until the second quarter of 2026 to operationalize these mandates will be reacting under enforcement pressure. Those who invest now in integrated, compliance-ready infrastructure will enter the next phase of regulation with stability. They will reduce litigation exposure, strengthen community trust, align with access and stabilization expectations, and protect revenue cycle performance in a tightening oversight environment.

Financial assistance is no longer a back-end policy obligation. It is becoming operational architecture.

The policy direction is clear. Income-based affordability is becoming statutory infrastructure across multiple states. In 2026 and beyond, regulatory intent will matter far less than operational execution. Health systems that embed affordability into their billing architecture now will define the compliance standard. Those that delay will be forced to catch up under scrutiny.