



Medical Debt Quick Start Guide

A Practical Guide to Understanding Your Options

You're not alone!

If you're feeling overwhelmed by medical bills, you're not alone. Medical debt affects over 100 million Americans, even those with health insurance. The healthcare billing system is complex and confusing, and it's normal to feel stressed about navigating it.

We designed this guide as a starting point to help you understand your options. You don't have to tackle everything at once – focus on the steps that apply to your specific situation. Think of this as a guide to help you make informed decisions at your own pace.

Remember: This guide provides educational guidance only. For advice specific to your situation, consider consulting financial counselors, billing advocates, or legal aid organizations in your area.

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This guide was created by human subject matter experts at Decoding Health Care for general educational purposes. Consult an attorney, legal professional, or credit counselor for advice specific to your situation.

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First, identify which path applies to you.

The steps you'll take depend on where you are in the process.

Avoiding Debt Collections

Path A: Just Received a Large Medical Bill

You're here if:

You recently got a medical bill that seems too high, or you're not sure if insurance covered what it should. The bill isn't late and debt collectors haven't contacted you yet.

Why these steps matter:

Right now, you have the best opportunity to prevent debt from ever reaching collections or affecting your credit. You can check for errors, appeal insurance denials, apply for assistance, possibly reduce what you owe, and negotiate directly with your provider.

Explain your situation and request a pause in collections - especially while you're seeking financial assistance or working through an insurance denial. Ignoring bills increases risk, but proactive communication can prevent collections.

Don't Ignore the Debt

If you have medical debt that you can't pay or you dispute the amount of the debt, there are steps you must take. Ignoring the problem will only make it worse. In fact, creditors often win lawsuits for incorrect and unfair debts simply because the debtor didn't respond or know how to respond by the deadline.



Time Frame for Resolving Debt

Important protection: Since 2023, unpaid medical collection debt of \$500 or more should not appear on credit reports for at least one year. This means you have a year to resolve your medical debt and prevent it from ever hitting your credit score at all.

Key Takeaway: You have one year before \$500+ medical debt appears on your credit report — use this time wisely.

Medical Debt in Collections

Path B: Medical Bills Already in Collections

You're here if:

You couldn't afford your medical bills and you've received calls or letters from debt collectors, or you've seen medical debt appear on your credit report.

Why these steps matter:

You have legal protections and options to challenge, reduce, or resolve this debt.

Acting now can protect your credit and reduce what you owe.

Part 1. Reduce What You Owe

Before agreeing to a payment plan or the amount owed for a medical bill, make sure you're not being overcharged. You may be able to reduce what you owe — or find out you don't owe it at all.

A-1. Apply for Hospital Charity Care

Most hospitals offer Financial Assistance Programs. These often include charity care, which is income-tested free or discounted services for emergency and medically necessary care.

Who qualifies: Hospitals have broad flexibility in establishing eligibility rules. Charity care is calculated on a sliding scale. Many working people qualify for discounts even if they don't receive completely free care. Fortunately, you can go to [DollarFor.org](https://dollarfor.org) to quickly screen and apply for hospital charity care for free!



Note: There is often a time limit for applying for charity care. It's usually 240 days or 8 months after you receive the first bill, depending on your hospital's policy.

Key Takeaway: Many people who qualify for charity care never apply — don't leave money on the table.

A-2. Make Sure Insurance Coverage Has Been Applied

If you have insurance and receive a medical bill, always review your Explanation of Benefits (EOB). There may be items not paid by insurance that should have been covered under your insurance plan. Your EOB will tell you if any services have been denied, provide instructions on how to appeal them, and provide time limits.



Time limits for appealing insurance decisions vary depending on what type of insurance plan you have and what kind of decision you're appealing.



You can use a free AI tool called Advocara (advocara.org) to assist you with these steps. It's trained specifically on medical billing and insurance negotiation.

A-3. Scrutinize Medical Bills for Errors

Examine every medical bill for errors. Errors are common and can range from coding errors to duplicate items to charges for services not received – or even outright fraud.

To do this:

1. Request an itemized bill with billing codes from your medical provider or hospital. Billing codes – CPT, DRG, and HCPCS – are like bar codes. Each code is attached to a specific healthcare service or item.
2. Research or Google each code to get a description of the service or item. Does the description match the items and services you received?
3. Contact your medical provider to resolve any errors so you are not responsible for an amount you don't even owe!

Now that you have a smaller medical bill that is free of errors, there are still steps you can take to lower the bill further before agreeing to a final amount.

Key Takeaway: Errors are common – always check before paying.

A-4. Negotiate Your Healthcare Bills

Medical bills are not fixed and can often be negotiated. In fact, hospitals and medical systems charge different prices depending on who is paying!

You could try to negotiate a lower bill based on:

- cash prices
- fair market rates
- lump sum settlement offer
- large down payment discount
- percentage of the Medicare rate

Some Pricing Tools



- [fairhealthconsumer.org](https://www.fairhealthconsumer.org)
- [mdsave.com](https://www.mdsave.com)
- [clearhealthcosts.com](https://www.clearhealthcosts.com)
- [trybilly.app](https://www.trybilly.app)

Get Pricing Data

You can use online third-party pricing websites and apps to research fair pricing for the billing codes. This information may then be used for negotiating medical bills, as well as estimating planned care. Remember to always keep good records of all communications and **get any agreements in writing!**

A-5. Get an Interest-Free Payment Plan

It's always best to negotiate medical bills with your provider directly and not debt collectors who purchase debt. Many medical providers offer financial assistance. This often includes payment plans for medical bills that allow you to pay off the balance interest-free. As long as you stick to the payment plan, it will not affect your credit.

Part 2. Help Navigating Medical Bills

You don't have to navigate this alone. Here are resources that can help.

Patient Advocates

You may consider using a medical bill advocate and/or an insurance advocate. These are types of patient advocates who specialize in challenging high medical bills, assisting with insurance appeals and financial aid applications, and negotiating lower medical bills.

Patient advocates may work for hospitals, nonprofits, insurance companies, or large employers. These patient advocates provide services at no cost to the patient.

Other advocates work independently, allowing them to prioritize the patient's interests. Independent advocates may charge you a flat fee for their services or a percentage of the savings. Greater National Advocates (gnanow.org) can help you find an independent patient advocate by location or specialty.

AI Help

Anyone can use a free, nonprofit tool called Advocara (advocara.org). The Advocara AI medical billing tool helps with bill analysis, appeal letters, negotiation scripts, and legal insights.

Similarly, you can use AI to fight insurance denials, prior authorizations, delays, and more with Counterforce Health (counterforcehealth.org) for free.

Community Support and Resources

Sometimes help for medical debt can be found from local community funds, or from church or civic organizations. 211.org is a good place to start the search. Additionally, some individuals have found GoFundMe to be a useful platform for raising money for healthcare expenses through online communities.

Free Credit Reports: Federal law allows you to get a free copy of your credit report every 12 months from each credit reporting company at annualcreditreport.com. By reviewing your credit reports, you can ensure they're accurate and up to date.

Part 3. Getting Out of Medical Debt

Protect Your Rights and Credit

If medical debt is already in collections or on your credit report, you have options. The steps below will help you understand your rights and protect your financial future. You're not alone — this happens to millions of people, and there are clear actions you can take.

Keep good records: Pay attention to deadlines, respond to all correspondence, and keep good records of all communications regarding your case. Additionally, for your records, send letters via certified mail with a return receipt.

Know Your Legal Rights and Protections

Fair Debt Collection Practices Act (FDCPA): This is the main federal law that governs debt collection practices and covers how debt can be reported in your credit report. The FDCPA also prohibits debt collection companies from using abusive, unfair, or deceptive practices to collect debts.

State protections: Most states have debt collection laws in addition to federal laws. Sixteen states have banned medical debt on credit reports. To learn more about the laws in your state, contact your state attorney general's office.

No Surprises Act: The federal No Surprises Act protects individuals with most private insurance plans against some unexpected bills, particularly for emergency care and certain out-of-network charges.

The No Surprises Act also protects the uninsured or those paying cash. If you got an estimate in advance and your bill is more than \$400 higher, you can dispute the charges.

If you receive a medical bill that you believe violates the No Surprises Act, you can reach the No Surprises Help Desk at 1-800-985-3059 or submit a complaint online at [cms.gov/medical-bill-rights/help/submit-a-complaint](https://www.cms.gov/medical-bill-rights/help/submit-a-complaint).

Where to Get Help with Medical Debt

Legal assistance: Anyone nationwide can access free legal rights resources and self-advocacy tools, as well as find free legal aid services at [Lawhelp.org](https://www.lawhelp.org). If you need a lawyer but don't qualify for legal aid services, you can contact your local bar association.

Credit counseling: Non-profit credit counseling agencies can help you create a budget and potentially negotiate a debt management plan with your creditors to lower payments or interest rates.

See Part 2, Help Navigating Medical Bills on page 6.

Validation & Disputing Medical Debt

B-1. Dispute Medical Collection Debt

If you get a bill from a debt collector or see debt on your credit report that you don't recognize, always have the debt collector validate the debt. Debts you don't recognize could be scams or otherwise invalid.

The Fair Debt Collection Practices Act (FDCPA) requires debt collectors to provide written notice within five days of contact, detailing what's owed and how to dispute the debt. If they can't validate the debt, all collection attempts must immediately cease.

To request validation, ask the collector — by certified letter — to provide the following:

- Original provider name
- Date(s) of service
- Amount owed and how it is calculated
- Itemized bills
- Proof you owe the debt
- Proof they're legally authorized to collect

How to dispute: Patients have 30 days to challenge the debt.



Contact the debt collector — by certified letter — and give reasons why you don't owe the debt or why the amount is incorrect. Include proof such as cancelled checks, receipts, insurance information, police reports, or other documentation. Debt collectors must pause collection efforts while you are challenging the debt.

Common defenses include:

- The debt amount is inaccurate
- The debt is paid
- The debt is not yours, such as resulting from identity theft
- Insurance should have paid

B-2. Dispute with the Credit Bureaus If Needed

If inaccurate or unvalidated debt appears or remains on your credit report after you complete step B-1, you must dispute separately with each bureau reporting the debt. You can do this online or by mail. If the debt is found inaccurate or unverified, it must be deleted.

Key Takeaway: Always validate debt - debts you don't recognize could be scams or invalid.

Reduce & Resolve Your Medical Debt

B-3. Reduce Your Debt in Collections

If you have medical debt in collections, you can still take Steps A-3 and A-4 on page 5 to reduce what you owe.

- A-3. Scrutinize every medical bill and contact your medical provider to resolve any errors so you're not responsible for an amount you don't even owe!
- A-4. Negotiate lower bills using pricing research or offering a settlement.

For large, complex medical bills, you may want to consider hiring a Certified Medical Bill Advocate, who specializes in understanding billing codes and negotiating medical bills.



If the time limits for appealing insurance decisions and applying for hospital charity care have not expired, apply Steps A-1 through A-4 in Path A (pages 4 and 5). Any medical debt that is later paid by insurance, charity care, or financial aid must be removed from collections and your credit report.

***Key Takeaway: Medical bills are negotiable.
Don't pay the full sticker price or the first bill!***

B-4. Get a Payment Plan or Agreement You Can Afford

If your debt is in collections, you can still work out a payment plan or settlement agreement with the debt collectors.

You may have more leverage if the debt is older, since older debts are harder to collect. Unpaid medical bills in collections generally fall off your credit report after seven years from the date of first delinquency. However, you may still be legally responsible for them depending on your state's statute of limitations and debt laws.

B-5. Don't Miss Any Payments

After you negotiate a payment plan or settlement that you can afford in writing, don't miss any payments. As long as you stick to the final payment agreement, your medical debt will not affect your credit score. Once medical debt in collections is paid off, it must be removed from your credit report.

Part 4. What Comes Next

You've taken an important first step by learning about your options. Now, here's what to keep in mind as you move forward.

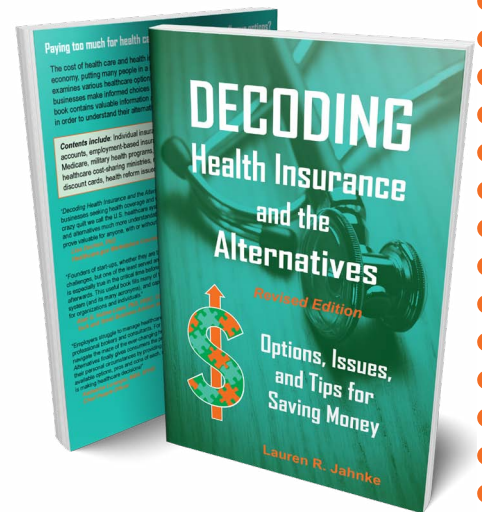
Take It One Step at a Time

You don't need to act on everything immediately. Review the steps that apply to your situation and start with what feels most urgent or manageable. Some actions have deadlines (like the 240-day window for charity care applications or 30 days to dispute validated debt), but others can be done at your own pace.

We're Here to Help

Decoding Health Care exists to help people like you navigate the complex healthcare system and protect your finances. We'll send several follow-up emails to guide you through these steps at your own pace, so you don't have to figure it all out at once.

Check out our website DecodingHealthCare.com for blog articles, resources, and to sign up for our monthly newsletter. For more comprehensive guidance, our book ***Decoding Health Insurance and the Alternatives: Options, Issues, and Tips for Saving Money*** helps consumers understand health insurance and health coverage options in the U.S. It includes many practical tips to help you decipher the options, save money, and avoid medical debt.



Sources: Blog Articles for Decoding Health Care

Part I. Medical Debt: A Threat to Your Finances

Part II. 8 Steps to Keep Medical Debt Off Your Credit Report

Part III. How Can I Get Help with Medical Debt?