

END MEDICAL DEBT CAMPAIGN

Dear Legislator,

The undersigned organizations represent the full diversity of New York’s healthcare patients and providers – children, seniors, students, immigrants, women, people of color, people who are lesbian, gay, bisexual, transgender, people with disabilities, parents, and people of all incomes as well as healthcare workers, nurses and doctors. We strongly urge you to vote for S3057a/A1538a to cap interest rates applied to medical debt judgments at 3% or the U.S. Treasury rate, whichever is lower. This would stop patients from being exposed to 9% commercial interest rates when they are sued by hospitals or other medical providers.

The collections actions taken by New York’s non-profit hospitals and providers turn health problems into financial emergencies that jeopardize patients physical and financial security.¹ All hospitals in New York State are nonprofit institutions that do not pay state or local taxes. The majority participate in a \$1.1 billion funding pool to support the provision of financial assistance and uncompensated care. Despite this support, half of New York’s hospitals have sued more than 52,000 New Yorkers over the past five years—including over 5,000 patients during the height of the COVID-19 pandemic (March – December 2020). Moreover, medical debt is a racial justice issue: in many parts of New York, people of color are more than twice as likely to have past-due medical debt hurting their credit.²

Some of the hospitals that sue exacerbate their patients’ medical debt by charging the legally allowed commercial interest rates of 9%. A January 5, 2021 front page *New York Times* article underscores the problem: Northwell hospital system sued Scott Buckley, a 48 year-old Stop & Shop employee, for \$21,028 in medical bills. Northwell received a judgment that included another \$4,000 in interest and fees—at the statutory 9% interest rate. As Mr. Buckley put it, “I am literally broke...I don’t have a penny to my name. I have three kids. If they take my paycheck, I won’t have anything.”³

For these reasons, we ask you to vote to enact S3057a/A1538a to cap interest rates applied to medical debt judgments at 3% or the U.S. Treasury rate, whichever is lower.

Thank you for your support in protecting patients from unfair medical debt.

¹ Seifert, R. “Home Sick: How Medical Debt Undermines Housing Security,” *St Louis Univ Law J*, 51:325; Bienlenberg, J. “Presence of Any Medical debt Associated with Two Additional Years of Homelessness in a Seattle Sample,” *The J of Health Care Organizations*, 57:1-10, Jan. 2020.

² Urban Wire, “Past-due medical debt a problem, especially for black Americans,” Urban Institute, March 26, 2017, <https://www.urban.org/urban-wire/past-due-medical-debt-problem-especially-black-americans>.

³ “One Hospital System Sued 2,500 Patients After Pandemic Hit,” *The New York Times*, January 5, 2021, <https://www.nytimes.com/2021/01/05/nyregion/coronavirus-medical-debt-hospitals.html>.