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Coalition for Asian American Children and Families ☞ Community Service Society of New York ☞ Consumers Union
Empire Justice Center ☞ Hispanic Federation ☞ The Legal Aid Society ☞ Make the Road New York
Medicare Rights Center ☞ Metro New York Health Care for All Campaign ☞ New Yorkers for Accessible Health
Coverage ☞ New York Immigration Coalition ☞ Project CHARGE
Public Policy and Education Fund of New York/Citizen Action of New York ☞ Raising Women's Voices-New York
☞ Schuyler Center for Analysis and Advocacy ☞ South Asian Council for Social Services ☞ Young Invincibles

**Memorandum in Support of S5724A/A6474A
Fair Consumer Judgment Interest Act
November 2021**

An Act to amend the civil procedure law to protect New Yorkers from unfair interest rates applied to consumer debt judgments

Health Care for All New York (HCFANY) is a statewide coalition of over 170 consumer-focused organizations dedicated to achieving quality, affordable health coverage for all New Yorkers, and ensuring that the concerns of real New Yorkers are heard and reflected in policy conversations. We support **S5724A/A6474A**, which would protect patients from usurious interest rates when they are sued for medical debt by limiting the allowable interest rate for all consumer debt judgments to 2%.

New Yorkers struggle with health care costs, even when they have insurance.¹ Over 50,000 New York patients have been sued for medical debt by non-profit hospitals in the past five years—4,000 during the COVID-19 pandemic (March – December 2020). Eight percent of New Yorkers have delinquent medical debt that appears on their credit reports. The problem is most pervasive upstate: in Oswego County, this increases to 23% of residents and there are 16 other upstate counties where between 16 and 23% of residents have an adverse credit entry for delinquent medical debt.² Medical debt is strongly associated with housing instability, and even homelessness.³ Communities of color in New York are almost twice as likely to have medical debt than their white counterparts.⁴

All hospitals in New York State are not-for-profit institutions that do not pay state or local taxes and collectively receive \$1.1 billion to help offset their losses for providing uncompensated care to low-income uninsured patients. Despite this generous financial support, roughly one half of hospitals sue their patients for medical debt. Under section 5004 of the New York Civil Laws and Practice Rules, these hospitals are permitted to charge an exorbitant *commercial* 9 percent interest rate, even though they are non-profit charities. 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 percent 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.”⁵



Enough is enough. New York’s hospitals benefit from their non-profit status and should behave like charities, not loan sharks. For these reasons, HCFANY strongly urges the enactment of the Fair Consumer Judgment Interest Act.

¹ Altarum Healthcare Value Hub and Community Service Society of New York, “New Yorkers Struggle to Afford High Healthcare Costs; Support a Range of Government Solutions Across Party Lines,” March 2019, <https://www.cssny.org/news/entry/new-statewide-healthcare-affordability-survey>.

² Urban Institute, “Debt in America: An Interactive Map,” December 2019, https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct_w_medical_debt_in_collections&state=36&county=36075. The counties are Cattaraugus, Cayuga, Chautauqua, Columbia, Cortland, Greene, Jefferson, Madison, Onondaga, Rensselaer, Schenectady, Schuyler, Seneca, Steuben, Sullivan, and Washington.

³ 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.

⁴ Urban Institute, “Debt in America: An Interactive Map,” December 2019, https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct_w_medical_debt_in_collections&state=36&county=36075

⁵ “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>