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**Memorandum in Support of S7625/A8441
Patient Medical Debt Protection Act
Modernizing the Hospital Financial Assistance Law
January 2022**

An Act to amend the public health law to protect New Yorkers from unfair debt collection practices by requiring the use of a uniform hospital financial assistance form and policy.

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 the **S7625/A8441**, which would modernize the 2008 Hospital Financial Assistance Law (HFAL) so that it conforms with changes in the Affordable Care Act and Medicaid and so that it would ensure that hospitals to use a uniform state-issued hospital assistance form, thus obviating the need for hospitals to engage in extreme medical debt collection such as suing thousands of patients, filing liens on their homes, and garnishing their wages and bank accounts.

New York's hospitals charge the highest prices in the country.¹ And New Yorkers struggle with health care costs, even when they have insurance.² Over 52,000 New York patients have been sued for medical debt by non-profit hospitals in the past five years—5,000 during the COVID-19 pandemic (March – December 2020). A random sample of thousands of these court files indicates that few patients were informed of or offered financial assistance, demonstrating the ineffectiveness of the current HFAL.³ Eight percent of New Yorkers have delinquent medical debt that appears on their credit reports. Medical debt is strongly associated with housing instability, and even homelessness.⁴ Communities of color in New York are more than twice as likely to have medical debt than their white counterparts in counties like Westchester, Erie, Monroe, Onondaga and Albany.⁵

All hospitals in New York State are not-for-profit institutions who do not pay state or local taxes and collectively receive \$1.1 billion Indigent Care Pool funds to help offset their losses for providing uncompensated care to low-income uninsured New Yorkers. In exchange, the 2008 HFAL requires hospitals to offer free or discounted care to uninsured low- and moderate-income patients. The HFAL law is also out of sync with evolving ACA and Medicaid laws and regulations that facilitate coverage and recognize the high cost of care. Instead of one uniform application, the old HFAL permits each hospital to develop their own applications that are supposed to comply with



the guidance provided by the NYS Department of Health (DOH), which audits the hospitals for compliance. But for nearly a decade, state auditors have documented that hundreds of these policies fail to comply with the law, and their failure rate is increasing over time.⁶ Other states have moved forward with medical reforms that facilitate the provision of hospital financial assistance, including: Maryland, Colorado, New Mexico, California.⁷ It is time for New York to do so too.

For these reasons, HCFANY strongly urges the enactment of the provision of the Patient Medical Debt Protection Act that ensures that patients are able to easily access hospital financial assistance to help defray the costs of their medical care (S7625/A8441).

¹ Altarum Healthcare Value Hub, New York 2021 Scorecard, <https://www.healthcarevaluehub.org/affordability-scorecard/New-York>.

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>.

³ *Discharged Into Debt: Nonprofit Hospitals File Liens on Patients’ Homes*, by Amanda Dunker and Elisabeth Benjamin, January 2022.

⁴ 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.

⁵ 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

⁶ “Still Waiting After all These Years: Many Nonprofit Hospitals Financial Aid Policies Still Fail Health Department Audits,” Health Care For All New York blog, November 1, 2021; Community Service Society of New York, *Unintended Consequences: How New York State Patients and Safety-Net Hospitals are Shortchanged*, January 2018.

⁷ A. Stark and J. Bosco, “An Ounce of Prevention: A Review of Hospital financial Assistance Policies in the States,” National Consumer Law Center, 2021, https://www.nclc.org/images/pdf/medical-debt/Rpt_Ounce_of_Prevention.pdf.