



# Discharged into Debt

State-run Hospitals Filed Over 80% of  
Medical Debt Lawsuits in New York in 2023

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The Community Service Society of New York (CSS) is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers. CSS addresses the root causes of economic disparity through research, advocacy, litigation, and innovative program models that strengthen and benefit all New Yorkers. [www.cssny.org](http://www.cssny.org)



## EXECUTIVE SUMMARY

### More than eight in 10 medical debt lawsuits in New York in 2023 were filed by its five State-operated hospitals.

This report describes the medical debt collection practices of the State-run hospitals in New York. These hospitals sue patients for medical debt at a significantly higher rate than their peer public and nonprofit hospitals.

An analysis of the medical debt lawsuits brought against patients by two of the five State-run hospitals, Roswell Park Comprehensive Cancer Center, located in Buffalo, and SUNY Upstate Medical University, located in Syracuse, reveals:

- The five State-run hospitals were responsible for more than 80 percent of all medical debt lawsuits brought in New York in 2023, reflecting the simultaneous acceleration of lawsuits brought by State-run facilities and decline in those brought by their 213 public and nonprofit counterparts.
- Nearly all cases were filed against patients who were likely eligible for financial assistance under the State Hospital Financial Assistance Law (HFAL)
  - o 86 percent of Roswell medical debt lawsuits were filed against patients who lived in zip codes where the median income was under 300 percent of the federal poverty level (FPL).
  - o 79 percent of Upstate medical debt lawsuits were filed against patients who lived in zip codes where the median income was under 300 percent of the FPL.
- Over a third of cases were filed against patients who lived in zip codes where residents are disproportionately people of color, potentially contributing to driving the significant racial disparities in medical debt in Erie County and Onondaga County.
  - o 36 percent of Roswell medical debt lawsuits were filed against patients who reside in zip codes with a higher proportion of residents of color when compared to the county average.
  - o 48 percent of Upstate medical debt lawsuits were filed against patients who reside in zip codes with a higher proportion of residents of color when compared to the county average.
- Both hospitals processed a smaller number of applications for financial assistance per bed (8 and 3 for Roswell and Upstate, respectively) than the average of all hospitals in New York, which was 31 applications per bed, suggesting that they are precipitously suing patients in lieu of offering financial assistance.

State-run hospitals appear to provide less financial assistance to their patients than their nonprofit peers, despite receiving over \$530 million in Disproportionate Share Hospital funding to offset their uncompensated care losses. The hospitals and representatives of the Attorney General indicate that a Division of Budget Memorandum requires them to sue patients with past due medical debts. This Memorandum fails to mention or describe the need to comply with HFAL.

## BACKGROUND

### Medical Debt and its Impact on Patients' Fiscal and Physical Health

According to a 2023 study issued by the Urban Institute, over 740,000 New Yorkers have medical debt on their credit reports.<sup>1</sup> The study determined that communities of color and low-income communities have disproportionately high rates of medical debt<sup>2</sup> and that areas with high rates of medical debt are often hotspots for hospital lawsuits against patients.<sup>3</sup> A related study determined that almost 73 percent of adults with medical debt owed some or all of that debt to hospitals—further evidence that hospital debt collection practices are largely responsible for New Yorkers' medical debt burdens.<sup>4</sup>

These findings echo the results in the national literature indicating medical debt disproportionately impacts low-income people and people of color. In an analysis of the medical debt of 40 million people, a study published in the JAMA found that medical debt predominately impacts patients who live in low-income zip codes.<sup>5</sup> In 2022, the Consumer Financial Protection Bureau (CFPB) found that medical debt accounts for 58 percent of all consumer debt tradelines and that low-income people of all races are more likely to have medical debt than the national average.<sup>6</sup> The Census Survey of Income and Program Participation (SIPP) determined that, on average, around 28 percent of Black households have medical debt, compared to around 17 percent of White households.<sup>7</sup> Medical debt is particularly harmful to people with chronic conditions. For example, a 2022 survey issued by the American Cancer Society (ACS) found that over half of cancer survivors have cancer-related medical debt, with Black respondents more likely to have debt than White respondents.<sup>8</sup>

*I never received the bill from Roswell for this. I assumed my insurance covered it as I have United Healthcare. I have had problems receiving my mail and have made complaints to USPS. I was never told about any financial assistance I was eligible for. I was never told by Roswell Park staff that my insurance was out of network when I had the CT scan performed last year. If I would have known that I would have went elsewhere that was in network...[I] found out I was available for financial assistance so that would have lowered the bill 40-60%... There is no way I can pay the whole amount owed.<sup>64</sup>*

—Roswell patient (2019)

**The top zip code where  
*Roswell* sued its patients  
has a median income of  
just 115 percent of the  
Federal Poverty Level and  
87 percent of its residents  
are people of color.**

## The Impact of Medical Debt on Patients' Morbidity and Mortality

Financial toxicity describes the impact of the economic burden of medical debt on patients, including poor health outcomes and quality of life.<sup>9</sup> One study estimates that financial toxicity affects over half (56 percent) of American adults.<sup>10</sup> Three components of financial toxicity contribute to a patient's risk of mortality: poorer subjective wellbeing, impaired health-related quality of life, and sub-par quality of care.<sup>11</sup> Health-related quality of life describes the impact of social determinants of health on a patient's wellbeing. For example, medical debt is strongly associated with housing insecurity.<sup>12</sup>

Numerous research publications and articles demonstrate that medical debt leads to patients avoiding seeking medical care, exacerbating physical and mental health problems.<sup>13</sup> In New York, a 2019 survey found that 45 percent of respondents delayed or abstained from accessing health care entirely because of costs.<sup>14</sup> A national 2022 Gallup survey found that 38 percent of respondents stated that they or a family member sacrificed needed health care due to costs, a 12 percentage point increase from 2021.<sup>15</sup>

In early 2024, JAMA researchers quantified the link between medical debt and health outcomes, including mortality. After adjusting for sociodemographic characteristics, a one percentage point increase in population with medical debt is associated with 1.12 years of life lost per 1,000 people. The same researchers found that medical debt is associated with worse health status, more premature deaths, and higher mortality rates.<sup>16</sup>

**In short, there is compelling evidence in the medical literature finding that medical debt causes patients to become sicker and die sooner.**

*I got a letter (Summons with Notice) from you regarding a medical bill in the sum of \$77,453.74. At the time of treatment at [Upstate], I had no insurance and had no deposit to be able to pay the bills that were being sent to me... My gross income for [last] year was about \$18,000...I wish I could pay the amount you asked me but I am not able to do it with the income I have.<sup>63</sup>*

– Upstate Patient (2019)

**The top zip code where  
Upstate sued its patients  
has a median income of just  
143 percent of the Federal  
Poverty Level and 49  
percent of its residents are  
people of color.**



## Hospital Lawsuits Against Medical Debt Patients in New York

New York hospitals are all charities; however, that has not stopped some hospitals from suing their patients for outstanding medical debts. The *Discharged into Debt* series of reports analyzes the medical debt collection practices of hospitals in New York.<sup>17</sup> This research has identified a universe of over 80,000 medical debt lawsuits brought by nonprofit hospitals since 2015 and State-run hospitals since 2019.<sup>18</sup> The reports reveal that many of the patients sued by hospitals resided in zip codes that had a disproportionately high share of people of color, low-income people, or both.<sup>19</sup> They also explore the aggressive nature of the hospitals' collection practices including: the filing of liens on patients' primary residences and the garnishment of wages of patients who primarily worked for low-wage employers.<sup>20</sup>

For many years, New York hospitals have been out of sync with other states where many hospitals are discontinuing or substantially reducing the practice of suing patients.<sup>21</sup> Others are erasing patients' medical debt entirely.<sup>22</sup>



## The New York State Hospital Financial Assistance Law, Medical Debt Reforms, and Uncompensated Care Funding

In 2008, New York enacted the Hospital Financial Assistance Law (HFAL) requiring public and nonprofit hospitals that receive Indigent Care Pool (ICP) funds to adopt financial assistance policies for low- and moderate-income patients with incomes up to 300 percent of the Federal Poverty Level (FPL).

After the enactment of the 2010 Affordable Care Act, the Internal Revenue Service issued regulations which further clarified that nonprofit hospitals also have a federal requirement to provide financial assistance to eligible patients to maintain their tax-exempt status. These rules also prohibit them from pursuing “extraordinary” collection practices, such as filing civil legal actions, placing property liens, garnishing wages, and reporting to collection agencies without determining if a patient is eligible for financial assistance.<sup>23</sup>

In the ensuing years, New York State lawmakers have enacted a series of medical debt reforms to further limit hospitals’ abilities to pursue patients for medical debt including:

- 2020** Restricting the statute of limitations (time to sue patients) from six to three years;<sup>24</sup>
- 2021** Reducing the consumer judgment interest rate from 9 percent to 2 percent;<sup>25</sup>
- 2022** Banning the practices of taking liens<sup>26</sup> on patients’ primary residences and garnishing patients’ wages;<sup>27</sup>
- 2023** Directing the Commissioner of Health to issue a uniform Hospital Financial Assistance form<sup>28</sup> and banning hospitals and other medical providers<sup>29</sup> from reporting medical debt to credit bureaus and barring those credit bureaus from reporting out medical debt on consumer credit reports;<sup>30</sup>

- 2024** Reforming the HFAL to apply to all general hospitals in New York, expanding eligibility to New Yorkers making up to 400 percent of the FPL, and banning patients with incomes under 400 percent of the FPL from being sued for medical debt.<sup>31</sup>

Medicaid Disproportionate Share Hospital (DSH) funding is provided to hospitals that serve Medicaid and uninsured patients. New York distributes approximately \$3.6 billion in DSH funding, of which State-operated hospitals secure the first \$530 million.<sup>32</sup> The five State-operated hospitals receive the full amount of DSH funding for which they are eligible, with the State paying the entire non-federal share of the DSH funding. Other local government-run public hospitals, such as New York City’s Health + Hospitals and Erie County Medical Center, are only able to receive the full amount of DSH funding when their localities pay a portion of the non-federal share.

Nonprofit hospitals have been incentivized to comply with the state HFAL because they only qualified for DSH funding through the \$1 billion ICP, and securing ICP allocations was contingent on compliance with the HFAL. In 2024, the ICP linkage with HFAL compliance was eliminated. Starting in October 2024, all hospitals, regardless of participation in the ICP pool, are required to follow the HFAL. State-run facilities, on the other hand, are disincentivized to comply with the HFAL because New York State provides matching funds to all State-run hospitals to ensure they receive the maximum amount of federal DSH funding, regardless of compliance with the HFAL.

## Division of Budget Memorandum

Officials at the State-operated hospitals and the Office of the Attorney General assert that they are required to sue patients for medical debt because of two guidance memoranda issued by the Division of Budget. The first memorandum was issued in 1993 in the New York State Division of Budget in its Budget Policy and Reporting Manual (the Manual). This Manual governs how State agencies manage the collection of accounts receivable and non-tax debt owed to the State of New York (Item K-0010 “Introduction”). The relevant provision of the 1993 guidance states that:

“Fairness and equity demand that State agencies use legitimate and effective methods for collecting debts. These measures should provide incentives for the prompt settlement of outstanding debt and the means to impose interest and collection fees against those who fail to pay their legal obligation to the State in a timely manner.”<sup>33</sup>

The Manual indicates that if accounts are over 99 days due, the State agency must refer the debt to the “appropriate external entity,” including private collection agencies and the Office of the Attorney General.<sup>34</sup>

On November 28, 2017, the Division of Budget issued a second guidance that specifically governs collection of medical debt by the five State-operated hospitals (Item K-0030 “Overview of Collection Sequence for Accounts Receivable”).<sup>35</sup> For past due debts between 31 and 180 days, the Manual states that hospitals may: (1) pursue in-house collection; (2) refer to the attorney general, if over \$2,500; or (3) refer the account to an external collection agency. Debts over 181 days old and in the amount of \$2,500 or more **must** be referred to the Office of Attorney General.<sup>36</sup>



The Manual does not specify what actions the Attorney General must take upon referral of the debt. In addition, neither section of the Manual indicates that the State-operated hospitals have any obligation to offer financial assistance or comply with the HFAL, despite being written nearly a decade after its enactment. In fact, the HFAL is not mentioned at all.



## Methodology

CSS researchers searched the publicly available New York State Unified Court System WebCivil Supreme Court database to identify a universe of medical debt lawsuits filed by the Attorney General on behalf of State-run hospitals between 2019 and 2023.<sup>37</sup> In all, 16,466 lawsuits were filed during this time period by the following facilities: Stony Brook University Hospital (9,064), SUNY Upstate Medical University (6,397), Roswell Park Comprehensive Cancer Center (660), University Hospital at Downstate (250), and Helen Hayes Hospital (95). All court files were reviewed to verify that the cases were medical debt cases brought against hospital patients.

Facility-specific analyses were conducted for two of the five State-run facilities: Roswell Park Comprehensive Cancer Center (Roswell) and SUNY Upstate Medical University (Upstate). For Roswell, the entire population of all medical debt lawsuits (660) filed against patients between 2019 and 2023 was reviewed. For Upstate, a random sample of medical debt lawsuits was conducted due to the large volume of cases brought by Upstate (6,397) relative to Roswell (660). In 2022, CSS issued *Discharged into Debt: Hospital Profile –Upstate University Hospital* which analyzed medical debt lawsuits that Upstate brought against its patients in 2019 and 2021. This report combines a statistically significant random sample of the initial 2019 and 2021 medical debt lawsuits brought against patients of Upstate, with an

additional statistically significant sample of the cases it brought between 2022 and 2023, for a combined sample of 678 cases. Cases brought during 2020 were excluded from the sample as non-representative because of the Attorney General’s COVID-related litigation moratorium.

All 1,338 medical debt lawsuits were reviewed and analyzed by the following factors: case outcome (e.g., Judgment, Discontinuance, Settlement); the amount that the defendant (medical debtor patient) was claimed to owe; and the defendant’s zip code. Defendant Answers explaining their circumstances were reviewed as well. Defendants’ zip codes were aggregated and organized in order of frequency to identify geographical trends in the prosecution of the hospitals’ medical debt lawsuits.

U.S. Census data was used to ascertain the median income and race and ethnicity to describe the population of the zip codes where State-run facilities are pursuing medical debt litigation.<sup>38</sup> The median income of each zip code was converted into a percentage of the FPL for a family of four. Zip codes that are *predominantly* people of color are defined as those where more than half of residents are people of color. Zip codes that are *disproportionately* people of color are defined as those with a higher percentage of people of color than its given county average.

# State-run Hospital Medical Debt Collection Practices

## New York State operates five hospitals.

1. Stony Brook University Hospital (Stony Brook) has 624 beds and is located on Long Island. It is the region's only Regional Trauma Center and Tertiary Care Center and is Suffolk County's only Level 4 Regional Perinatal Center.<sup>39</sup>
2. SUNY Upstate Medical University (Upstate) has 438 beds and is located in Syracuse. It is the only Level-I Trauma Center in the region. Upstate houses the Upstate Stroke Center, Upstate Designated AIDS Center, New York State Designated SAFE site and Upstate New York Poison Center.<sup>40</sup>
3. Roswell Park Comprehensive Cancer Center (Roswell) has 131 beds and is located in Buffalo. It is a comprehensive cancer center that focuses exclusively on the treatment of patients with cancer.<sup>41</sup>
4. University Hospital at Downstate (Downstate) has 342 beds and is located in Brooklyn. Downstate serves nearly three million patients annually and is the borough's sole academic medical center.<sup>42</sup>
5. Helen Hayes Hospital (Helen Hayes) has 155 beds and is located in the Hudson Valley in the town of West Haverstraw. It is a physical rehabilitation hospital with both inpatient and outpatient services to provide care to individuals who have experienced disabling injuries, surgeries, or illnesses.<sup>43</sup>

Typically, hospital medical debt cases are pursued in local civil courts (small claims court) where the jurisdictional amount, or maximum, is \$50,000. Accordingly, nearly all medical debt cases brought by the 213 private and voluntary hospitals in New York State are brought in local county civil courts. By contrast, the five State-run facilities are represented by the Attorney General, who is the

chief lawyer and law enforcement officer in the State. Her office affords her automatic jurisdiction to bring medical debt cases in the State Supreme Court. Lawsuits brought in Supreme Court are procedurally more daunting and are less user-friendly for *pro se* litigants. Moreover, when the Attorney General prevails on behalf of a State-operated facility, the State has the additional remedy of being able to seize a patient's tax refunds, known as the Statewide Offset Program.<sup>44</sup>

From 2019 to 2023, the five State-operated facilities sued 16,466 patients and the other 213 public and nonprofit hospitals sued 23,910 patients.<sup>45</sup> During the COVID-19 pandemic, the Attorney General issued a medical debt lawsuit moratorium resulting in a suppression in the number of cases filed between 2020 and 2021.<sup>46</sup> In mid-2021, the Attorney General resumed suing patients. In 2022 and 2023, State-run hospital lawsuits exceed the number filed against patients prior to the pandemic.

*I have never received any correspondence from Upstate. No bill, no statement, no EOB from my insurance for this date of service... Please provide me all documents to support this bill... I have left multiple messages with no return call.<sup>66</sup>*

– Upstate Patient (2022)

## State-run Hospital Medical Debt Lawsuits

Figure 1 describes the contrast in medical debt litigation practices between the State-run hospitals and their nonprofit counterparts. Many nonprofit hospitals have discontinued the practice of suing patients entirely or almost entirely, including New York Presbyterian, Northwell, Crouse, St. Peter’s Health System, New York University (Winthrop and Long Island Community Hospital), and NYC Health + Hospitals. By contrast, the five State-run facilities nearly doubled the number of lawsuits filed against patients for medical debt from 2019 to 2023.

In 2019, the five State-run hospitals were responsible for 25 percent of total medical debt lawsuits in New York State and the 213 nonprofit hospitals were responsible for 75 percent. By 2023, this ratio flipped, with the State-run hospitals responsible for 83 percent of medical debt lawsuits and the nonprofit hospitals responsible for the remaining 17 percent.

Table 1 describes the number of lawsuits filed by each of the State-run facilities between 2019 and 2023. Stony Brook and Upstate are the largest facilities, serving the most patients per year. They are also the most litigious hospitals followed by Roswell and Downstate.

Figure 1. New York Hospital Medical Debt Lawsuits, 2019-2023

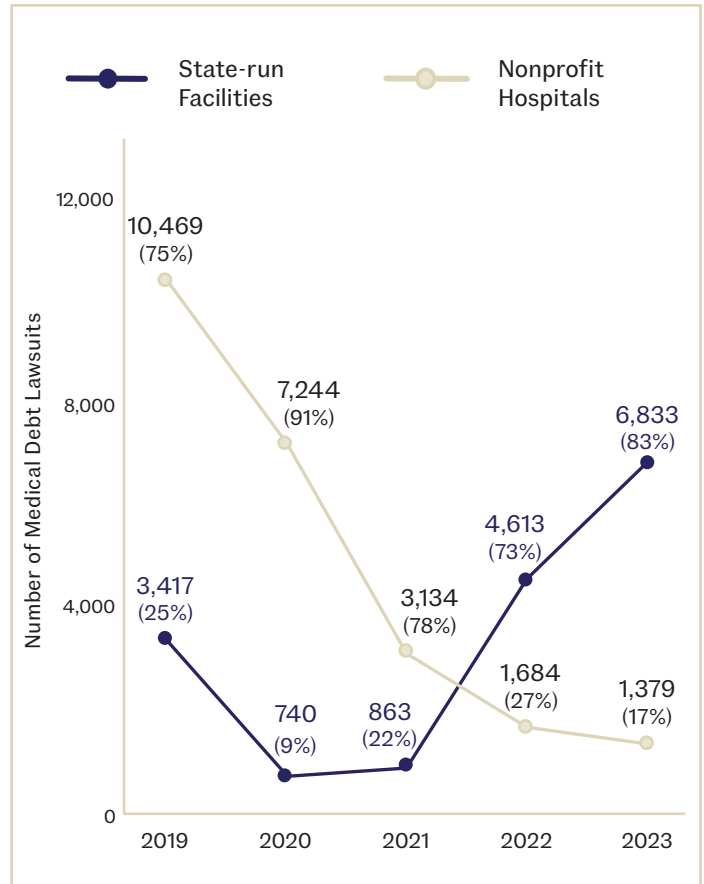


Table 1. State-run Hospital Medical Debt Lawsuits, 2019-2023

	2019	2020	2021	2022	2023	Total
<b>Stony Brook</b>	1,679	222	58	2,859	4,246	9,064
<b>Upstate</b>	1,557	480	664	1,447	2,249	6,397
<b>Roswell</b>	124	21	140	220	155	660
<b>Downstate</b>	0	0	0	87	163	250
<b>Helen Hayes</b>	57	17	1	0	20	95
<b>Total</b>	<b>3,417</b>	<b>740</b>	<b>863</b>	<b>4,613</b>	<b>6,833</b>	<b>16,466</b>

## State-run Hospitals Appear to Disproportionately Sue Low-income Patients of Color

This report investigates the medical debt lawsuits brought between 2019 and 2023 by two out of the five State-run hospitals, Roswell and Upstate, located in Erie and Onondaga county, respectively. These regions are particularly salient because the prevalence of medical debt for lowest-income residents is over twice as high as their wealthier counterparts: Western New York (27 percent vs. 14 percent) and Central New York (28 percent vs. 14 percent).<sup>47</sup> Areas with high rates of medical debt are often hotspots for hospital medical debt lawsuits against patients.<sup>48</sup>

In addition, Erie and Onondaga counties are amongst the counties in New York with the greatest racial disparities in the prevalence of medical debt. In both counties, people living in zip codes with more residents of color are over twice as likely to have medical debt than people living in predominantly White zip codes: Erie (14 percent vs. 6 percent) and Onondaga (28 percent vs. 10 percent). In the zip codes surrounding Roswell in Western New York, where many patients are sued, these racial disparities persist: Niagara (16 percent vs. 6 percent) and Chautauqua (14 percent vs. 11 percent).<sup>49</sup>

Finally, the medical debt collection practices used by Roswell and Upstate make them regional outliers. For example, Roswell's peers Buffalo General Medical Center (1,068 beds) and Erie County Medical Center (573 beds) have sued no patients since 2019. In Syracuse, most hospitals have either stopped suing patients or rarely do so. Crouse Hospital (465 beds) used to sue hundreds of patients a year but sued only one patient in 2022 and none in 2023. St. Joseph's Hospital (451 beds) sued less than 10 people a year between 2019 and 2023. By contrast, Upstate filed an average of over 1,200 lawsuits each year.





## State-run Hospitals Disproportionately Sue Low-income Patients

Table 2 indicates that the vast majority of patients sued by Roswell (86 percent) and Upstate (79 percent) reside in zip codes where the median income is below 300 percent of the FPL. During the analyzed period (2019–2023), the state HFAL required hospitals to offer financial assistance to patients with incomes below 300 percent of the FPL. Accordingly, nearly all the patients sued were likely eligible for hospital financial assistance.

Roswell and Upstate both appear to concentrate suing patients in around 10 zip codes in their respective regions. Tables 3 and 4 reveal that the median income in 19 out of the 20 most frequently sued in zip codes is below the hospital financial assistance eligibility cutoff of 300 percent of the FPL.

Table 3 illustrates the income characteristics of the top 10 zip codes where Roswell sues patients for medical debt. The zip code where Roswell filed the highest number of medical debt lawsuits has a median income of just 115 percent of the FPL, or about \$17,500 for an individual.

Table 4 lists the top 10 zip codes in the random sample of medical debt cases filed by Upstate between 2019 and 2023. The zip code with the most cases filed by Upstate has a median annual income of just 143 percent of the FPL, well below the eligibility cut off for hospital financial assistance under State law.

Table 2. Median Income of Zip Codes Where Patients Are Sued for Medical Debt by Roswell and Upstate Hospitals, 2019–2023

	Roswell (All Cases)	Upstate (Random Sample)
<b>Total cases reviewed</b>	<b>660</b>	<b>678</b>
Median income is <200% FPL	30% (196)	30% (201)
Median income is <300% FPL	86% (570)	79% (538)

Table 3. Roswell 2019–2023 Lawsuits, Median Income by Zip Code, in order of prevalence

Zip Code	County	Median Income as Percent of the 2022 FPL (Household of 4)
14211	Erie	115%
14224	Erie	276%
14206	Erie	166%
14094	Niagara	250%
14120	Niagara	281%
14227	Erie	240%
14215	Erie	148%
14305	Niagara	164%
14225	Erie	222%
14701	Chautauqua	171%

Table 4. Upstate 2019–2023 Lawsuits, Median Income by Zip Code, in order of prevalence

Zip Code	County	Median Income as Percent of the 2022 FPL (Household of 4)
13204	Onondaga	143%
13205	Onondaga	135%
13210	Onondaga	139%
13207	Onondaga	204%
13209	Onondaga	224%
13027	Onondaga	320%
13206	Onondaga	201%
13208	Onondaga	150%
13202	Onondaga	95%
13021	Cayuga	204%

## State-run Hospitals Appear to Disproportionately Sue Patients of Color

Table 5 indicates that New York State-run facilities appear to be suing patients of color disproportionately compared to their White counterparts. Of the medical debt cases filed by Roswell and Upstate Hospitals, 36 percent and 48 percent were brought in zip codes that have a disproportionate number of residents of color within their respective counties. In addition, 14 percent and 24 percent of the cases were brought in zip codes that are predominantly inhabited by people of color.

Table 6 describes the proportion of residents of color in the top 10 most frequently sued zip codes by Roswell. In Erie County, the proportion of residents of color is 25 percent. However, the zip code with the most lawsuits filed against patients is comprised of 87 percent people of color.<sup>50</sup>

Table 7 describes the percentage of residents of color for the top 10 zip codes in which Upstate most frequently sued patients for medical debt. Eight of the 10 zip codes have a higher proportion of residents of color than the county average, with half of the zip codes having over double the proportion of residents of color than the county average.<sup>51</sup>

Table 5. Proportion of People of Color in Zip Codes Sued for Medical Debt by Roswell and Upstate Hospitals, 2019–2023

	Roswell (All Cases)	Upstate (Random Sample)
<b>Total cases reviewed</b>	<b>660</b>	<b>678</b>
Predominantly People of Color	14% (92)	24% (165)
Disproportionately People of Color	36% (234)	48% (322)

Table 6. Roswell 2019–2023 Lawsuits, Proportion of People of Color in Zip Codes Sued for Medical Debt, in order of prevalence

Zip Code	County	Percent of Non-White Residents (2022)
14211	Erie	87%
14224	Erie	6%
14206	Erie	28%
14094	Niagara	14%
14120	Niagara	7%
14227	Erie	13%
14215	Erie	84%
14305	Niagara	42%
14225	Erie	25%
14701	Chautauqua	11%

Table 7. Upstate 2019–2023 Lawsuits, Proportion of People of Color in Zip Codes Sued for Medical Debt, in order of prevalence

Zip Code	County	Percent of Non-White Residents (2022)
13204	Onondaga	49%
13205	Onondaga	63%
13210	Onondaga	40%
13207	Onondaga	52%
13209	Onondaga	12%
13027	Onondaga	9%
13206	Onondaga	29%
13208	Onondaga	50%
13202	Onondaga	64%
13021	Cayuga	11%

## The State-Operated Hospitals Sue Patients and Fail to Offer Financial Assistance More Often Than Their Peers

As described in the Background section above, State law prioritizes the allocation of DSH funding to the five State-run hospitals before their peer nonprofit hospitals. Table 8 describes the amount of DSH funding each hospital receives as well as the amount of financial assistance and uncollected amounts provided by each hospital. The final column subtracts the amount of financial assistance and uncollected amounts to demonstrate the financial windfalls secured by each facility annually.<sup>52</sup> In 2019, all five State-run facilities reported windfalls, ranging from \$6.1 million to \$186 million. In all cases, the hospitals' respective DSH payments far exceeded the uncollected amounts attributable to services for uninsured patients who were eligible for financial assistance.<sup>53</sup> For example, Upstate reported providing only \$11 million in financial assistance and uncollected amounts while receiving over \$197 million in its DSH funding.

A corollary to the State-run hospitals' proclivity to sue patients is their apparent reticence to offer financial assistance to their patients in accordance with the HFAL. The most recent Institutional Cost Reports filed by Roswell and Upstate with the New York State Department of Health (DOH) reveal that they process a lower-than-average number of financial assistance applications per bed.<sup>54</sup> For example, in 2021, the statewide number of applications per bed was 31. However, Roswell only processed an average of eight financial assistance

applications per bed and Upstate only processed an average of three financial assistance applications per bed. The low financial assistance application rates indicate either that these hospitals are not facilitating patient access to financial assistance applications or that their processes are overly burdensome, or both.

Many defendants who were sued by State-run hospitals for medical debt were patently eligible for financial assistance. For example, a 2022 report on Upstate found 12 defendants were sued at their place of incarceration, meaning they likely have no income at all.<sup>55</sup> In 2022 and 2023, Upstate continued the practice of suing low-to-no-income patients who are incarcerated.<sup>56</sup> The 2022 report noted that the high discontinuance rate of the State-run medical debt lawsuits provides further evidence that hospitals may be suing patients precipitously. Between 2019 and 2023, 45 percent of medical debt cases filed against patients of Roswell were discontinued and 58 percent of cases filed against patients of Upstate were discontinued.<sup>57</sup>

A medical debt lawsuit has a lasting impact on patients. A judgment against a patient will stay on their record for 20 years.<sup>58</sup> Creditors routinely scan court databases to see if a patient has an outstanding judgment and the presence of one can have an adverse impact on whether a patient can secure financing. State-run facilities have the additional remedy of securing patients' annual tax refunds.

Table 8. State-run Facility Windfalls (2019)

	DSH Payment	Financial assistance and uncollected amounts: HFA-eligible patients	Windfall
Upstate	\$197,651,200	\$11,128,400	\$186,522,800
Stony Brook	\$186,531,700	\$11,003,600	\$175,528,100
Downstate	\$133,341,900	\$1,133,200	\$132,208,700
Helen Hayes	\$7,261,100	\$0	\$7,261,100
Roswell Park	\$6,638,600	\$481,800	\$6,156,800

## Medical Debt Will Not Stabilize State-Operated Hospitals' Financial Positions

The Background section describes the evidence that medical debt, and lawsuits, traumatize patients, leading to them to experience financial toxicity which adversely affects patients' morbidity and mortality rates.

Table 9 describes how suing patients does little to offset a hospitals' margins. If either facility collected the median damages from every patient they sued, it would make up less than one percent of its revenue. Roswell's and Upstate's annual revenues are \$895 million<sup>59</sup> and \$1.5 billion, respectively.<sup>60</sup> If the median damages (\$4,248) were collected by patients sued by Roswell (155) in 2023, the hospital would collect \$658,000 per year, or .07 percent of its annual revenue.<sup>61</sup> For Upstate, if the median damages (\$5,199) were collected for all patients sued by Upstate over the same period (2,249), the hospital would collect \$11.6 million per year, or .78 percent of its annual revenue.<sup>62</sup>



Table 9. State-run Hospital Medical Debt Collections and Annual Revenue

	Operating Revenue (2021)	DSH Payment (2019)	Median Damages	Medical Debt Lawsuits (2023)	Estimated Maximum Collections (2023)
<b>Roswell</b>	\$895,000,000	\$6,638,600	\$4,248	155	\$658,400 (.07% of annual revenue)
<b>Upstate</b>	\$1,500,000,000	\$197,651,200	\$5,199	2,249	\$11,692,600 (.78% of annual revenue)



## Conclusion

The academic medical literature indicates that medical debt adversely affects patients' morbidity, mortality, and financial health. In New York, filing a lawsuit against a patient with a medical debt is the most extreme tactic available to a hospital.

The five New York State-run hospitals operate just two percent of the State's bed capacity, and yet they were responsible for over 80 percent of medical debt lawsuits filed in 2023. This report describes how these hospitals appear to be disproportionately suing patients living in low-income communities and communities of color. The data also reveals that they are potentially pursuing lawsuits in lieu of offering financial assistance to their patients, contrary to the State Hospital Financial Assistance Law. Finally, this report reveals that there is only a *de minimus* financial benefit to pursuing cases—even at these elevated levels—against patients who are unable to pay.

The leadership of the State-run hospitals, the Division of Budget, and the Attorney General could collectively terminate the practice of suing patients, as many other hospitals have already done. Alternatively, the Legislature could step in.

Regardless of the mechanism for achieving the goal of ending the practice of suing patients for medical debt in the name of the State, it is time for New York officials to come together to end this practice once and for all.

*I...have absolutely [no] knowledge about the bill that is presented to me. Can I please have more information on this matter. As I can recall I was covered by Medicaid.<sup>65</sup>*

*– Upstate Patient (2021)*

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## APPENDIX

### Appendix A. New York State Medical Debt Lawsuits, 2019–2023

	2019	2020	2021	2022	2023	Total
<b>State-run Facilities</b>	3,417 (25%)	740 (9%)	863 (22%)	4,613 (73%)	6,833 (83%)	16,466 (41%)
<b>Nonprofit Hospitals</b>	10,469 (75%)	7,244 (91%)	3,134 (78%)	1,684 (27%)	1,379 (17%)	23,910 (59%)
<b>Total</b>	13,886	7,984	3,997	6,297	8,121	40,376

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