

STATE OF NEW YORK

6096--A

2023-2024 Regular Sessions

IN ASSEMBLY

April 3, 2023

Introduced by M. of A. REYES -- read once and referred to the Committee on Health -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public health law and the tax law, in relation to establishing a pilot hospital medical debt relief program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "hospital medical debt relief act".

3 § 2. Article 2 of the public health law is amended by adding a new
4 title 2-G to read as follows:

TITLE 2-G

HOSPITAL MEDICAL DEBT RELIEF PROGRAM

Section 245. Definitions.

246. Hospital medical debt relief program.

9 § 245. Definitions. As used in this article, the following terms shall
10 have the following meanings:

11 1. "Eligible resident" means an individual that meets the following
12 conditions:

13 (a) is a resident of the state;

14 (b) has a household income at or below four hundred percent of the
15 federal poverty guidelines or has hospital-based medical debt equal to
16 five percent or more of the individual's household income; and

17 (c) has had hospital medical debt relieved under this program.

18 2. "General hospital medical debt" means an obligation or an alleged
19 obligation of an eligible resident to pay any amount whatsoever related
20 to the receipt of health care services, products, or devices provided to
21 a person by a general hospital licensed under article twenty-eight of
22 the public health law or a health care professional authorized under
23 title eight of the education law who practices within a hospital, wheth-
24 er or not such obligation has been reduced to judgment.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

LBD04741-06-3

1 § 246. Hospital medical debt relief program. 1. The commissioner shall
2 establish a three-year pilot program to provide hospital medical debt
3 relief to eligible residents in the state.

4 2. Within amounts appropriated therefor, the commissioner shall
5 contract with a not-for-profit organization to identify and cancel the
6 hospital medical debt owed by eligible residents to hospitals and their
7 contracted providers located within the state, to the extent possible.
8 Such not-for-profit organization shall enter into agreements with gener-
9 al hospitals in the state to identify eligible residents utilizing
10 patient data provided by such participating hospitals including, demo-
11 graphic information, residents' zip codes, insurance status and payer,
12 dates of service, balances still owed, and other information necessary
13 to identify an eligible resident. The not-for-profit organization shall
14 retire such eligible residents' hospital medical debt by acquiring such
15 debt through purchase or receipt as a donation from a participating
16 general hospital and then cancelling such debt. Any such purchase of
17 hospital medical debt shall be for an amount at or below the fair market
18 value of such debt. All data sharing shall comply with the provisions of
19 the federal health insurance portability and accountability act and any
20 other applicable state or federal law.

21 3. To the extent possible, for general hospitals that have entered
22 into an agreement under the program, priority shall be given: (a) to
23 eligible residents whose debt is eighteen months or older; and/or (b)
24 who resides in the lowest-income zip codes.

25 4. The not-for-profit organization shall also notify each eligible
26 resident who has had a debt cancelled pursuant to the provisions of this
27 section that their specific hospital medical debt has been cancelled
28 and that the debt cancelation does not lead to income tax liabilities
29 for program recipients. Such notice shall include a copy of the hospi-
30 tal's financial assistance application and policy pursuant to section
31 twenty-eight hundred of this chapter.

32 5. Once a hospital medical debt has been cancelled, the participating
33 general hospital or their third party agent, that reported the hospital
34 medical debt to the credit reporting agencies, shall inform the credit
35 reporting agencies of such cancellation to ensure that the debt has been
36 removed from an eligible recipient's credit report.

37 6. The not-for-profit organization shall conduct an outreach program
38 to have discussions with general hospitals about the benefits of the
39 hospital medical debt relief program to patients, communities and to the
40 hospitals themselves. Such outreach shall first be initiated with
41 enhanced safety net hospitals as defined in section twenty-eight hundred
42 seven-c of this chapter.

43 7. The not-for-profit organization shall, in consultation with the
44 department report annually on the progress and success of the hospital
45 medical debt relief program established pursuant to this section to the
46 governor and the temporary president of the senate, the speaker of the
47 assembly, the department, and the chair of the senate committee on
48 health and the chair of the assembly committee on health. Such report
49 shall be published and publicly available on the department's website.
50 Such report shall include but not be limited to:

51 (a) the amount of hospital medical debt purchased and discharged under
52 the program;

53 (b) the number of eligible residents who received relief under the
54 program;

55 (c) to the extent practicable the characteristics of the eligible
56 residents;

1 (d) the number of individual debts purchased;
2 (e) total number of eligible residents by zip code;
3 (f) the number of individual debts purchased by zip code;
4 (g) the number of individual debts canceled by county separated by the
5 federal poverty line as defined and annually revised by the United
6 States department of health and human services for a household of the
7 same size, as follows: (i) two hundred percent and below, (ii) above two
8 hundred percent up to three hundred percent, (iii) above three hundred
9 percent up to four hundred percent, (iv) above four hundred percent; and
10 (h) any other data or information requested by the department and that
11 can be included pursuant to applicable laws and regulations and within
12 budgeted resources.

13 8. The commissioner shall promulgate any rules and regulations neces-
14 sary for the implementation of this section.

15 § 3. Subsection (i) of section 601 of the tax law is relettered
16 subsection (j) and a new subsection (i) is added to read as follows:

17 (i) Hospital medical debt relief. Notwithstanding the provisions of
18 subsections (a), (b), (c) and (d) of this section and any other
19 provision of this article, for taxable years beginning after the effec-
20 tive date of this subsection, the income of an individual received
21 pursuant to the provisions of section two hundred forty-six of the
22 public health law in the form of debt cancelation shall be exempt from
23 tax under this article regardless of whether such income is subject to
24 federal income taxation.

25 § 4. This act shall take effect on the one hundred eightieth day after
26 it shall have become a law. Effective immediately, the addition, amend-
27 ment and/or repeal of any rule or regulation necessary for the implemen-
28 tation of this act on its effective date are authorized to be made and
29 completed on or before such effective date.