

STATE OF NEW YORK

5909

2023-2024 Regular Sessions

IN SENATE

March 22, 2023

Introduced by Sen. RIVERA -- read twice and ordered printed, and when printed to be committed to the Committee on Health

AN ACT to amend the public health law and the tax law, in relation to establishing a pilot 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 "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

MEDICAL DEBT RELIEF PROGRAM

Section 245. Definitions.

246. 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 medical debt equal to five percent or
16 more of the individual's household income; and

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

18 2. "Medical debt" means any obligation or alleged obligation of an
19 eligible resident to pay money arising out of a transaction in which the
20 money which is the subject of the transaction is primarily for the
21 receipt of health care services, whether or not such obligation has been
22 reduced to judgment.

23 § 246. Medical debt relief program. 1. The commissioner shall estab-
24 lish a three-year pilot program to provide medical debt relief to eligi-
25 ble residents in the state.

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

LBD04741-04-3

2. Within amounts appropriated therefor, the commissioner shall contract with a not-for-profit organization to identify and cancel medical debt owed by eligible residents to hospitals located within the state. Such not-for-profit organization shall enter into agreements with hospitals in the state to identify eligible residents utilizing patient data provided by such participating hospitals including, demographic information, insurance status and payer, dates of service, balances still owed, and other information necessary to identify an eligible resident. The not-for-profit organization shall retire such eligible residents' medical debt by acquiring such debt through purchase or receipt as a donation from a participating hospital and then cancelling such debt. Any such purchase of medical debt shall be for an amount at or below the fair market value of such debt. All data sharing shall comply with the provisions of the federal health insurance portability and accountability act and any other applicable state or federal law.

3. Preference shall be given to eligible residents whose debt is eighteen months or older.

4. Hospitals that have entered into agreements with the not-for-profit organization for purposes of this section shall notify its patients or their representatives of the provisions of this section related to the sharing of patient data. The commissioner shall promulgate guidance necessary to implement the provisions of this subdivision.

5. Prior to acquiring each eligible resident's debt for cancellation, the not-for-profit organization shall notify each eligible resident of the organization's intent to acquire the resident's debt. The not-for-profit organization shall also notify each eligible resident who has had a debt cancelled pursuant to the provisions of this section that their specific medical debt has been cancelled and provide documentation, and that the debt cancelation does not lead to income tax liabilities for program recipients. Program recipient letters shall be signed by the commissioner or their designee and the not-for-profit organization.

6. The not-for-profit organization shall conduct an outreach program to have discussions with hospitals about the benefits of the medical debt relief program to patients, communities and to the hospitals themselves.

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

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

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

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

(d) the number of individual debts purchased;

(e) total number of eligible residents by zip code; and

(f) any other data or information requested by the department and that can be included pursuant to applicable laws and regulations and within budgeted resources.

8. The commissioner shall promulgate any rules and regulations necessary for the implementation of this section.

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

3 (i) Medical debt relief. Notwithstanding the provisions of subsections
4 (a), (b), (c) and (d) of this section and any other provision of this
5 article, for taxable years beginning after the effective date of this
6 subsection, the income of an individual received pursuant to the
7 provisions of section two hundred forty-six of the public health law in
8 the form of debt cancelation shall be exempt from tax under this article
9 regardless of whether such income is subject to federal income taxation.

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