

STATE OF NEW YORK

2541

2021-2022 Regular Sessions

IN SENATE

January 21, 2021

Introduced by Sens. RIVERA, BAILEY, GOUNARDES, HARCKHAM, HOYLMAN, JACKSON, KENNEDY, KRUEGER, PERSAUD, RAMOS, SALAZAR -- read twice and ordered printed, and when printed to be committed to the Committee on Health

AN ACT to amend the public health law, the debtor and creditor law, the civil practice law and rules and the insurance law, in relation to COVID-19 pandemic medical debt requirements

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

1 Section 1. The public health law is amended by adding a new section
2 2828 to read as follows:

3 § 2828. COVID-19 pandemic medical debt requirements. 1. Definitions.
4 The following words or phrases, as used in this section, shall have the
5 following meanings:

6 (a) "Collection action" means any of the following:

7 (i) Selling an individual's debt to another party, except if, prior to
8 the sale, the medical creditor has entered into a legally binding writ-
9 ten agreement with the medical debt buyer of the debt pursuant to which:

10 (1) The medical debt buyer or collector is prohibited from engaging in
11 any collection actions, as defined herein, to obtain payment for the
12 care;

13 (2) The medical debt buyer is prohibited from charging interest on the
14 debt in excess of that described in subdivision three of this section;

15 (3) The debt is returnable to or recallable by the medical creditor
16 upon a determination by the medical creditor or medical debt buyer that
17 the individual is eligible for financial assistance; and

18 (4) If the individual is determined to be eligible for financial
19 assistance and the debt is not returned to or recalled by the medical
20 creditor, the medical debt buyer is required to adhere to procedures
21 which shall be specified in the agreement that ensure that the individ-
22 ual does not pay, and has no obligation to pay, the medical debt buyer

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

LBD00589-01-1

1 and the medical creditor together more than he or she is personally
2 responsible for paying in compliance with this section.

3 (ii) Reporting adverse information about a patient to a consumer
4 reporting agency; or

5 (iii) Actions that require a legal or judicial process, including but
6 not limited to:

7 (1) Placing or executing a lien on the individual's property;

8 (2) Attaching or seizing an individual's bank account or any other
9 personal property;

10 (3) Commencing or prosecuting a civil action against an individual;

11 (4) Garnishing an individual's wages; or

12 (5) Any other involuntary collection activity.

13 (b) "Consumer reporting agency" has the same meaning as such term is
14 defined in section three hundred eighty-a of the general business law.

15 (c) "Declared state disaster emergency" means the declaration of a
16 state of emergency pursuant to article two-B of the executive law.

17 (d) "Healthcare professional" means a person licensed or certified
18 pursuant to title eight of the education law.

19 (e) "Healthcare services" means services for the diagnosis,
20 prevention, treatment, cure or relief of a physical, dental, behavioral
21 substance use disorder or mental health condition, illness, injury or
22 disease. These services include, but are not limited to, any procedures,
23 products, devices or medications.

24 (f) "Hospital" means all providers licensed under this article.

25 (g) "Medical debt" means a debt arising from the receipt of healthcare
26 services.

27 (h) "Medical debt buyer" means a person or entity that is engaged in
28 the business of purchasing medical debts for collection purposes, wheth-
29 er it collects the debt itself or hires a third party for collection or
30 an attorney for litigation in order to collect such debt.

31 (i) "Medical debt collector" means any person or entity that regularly
32 collects or attempts to collect, directly or indirectly, medical debts
33 originally owed or due or asserted to be owed or due to another. A
34 medical debt buyer is considered to be a medical debt collector for all
35 purposes.

36 (j) "Patient" means the person who received healthcare services, and
37 for the purposes of this section shall include: a parent if the patient
38 is a minor; a legal guardian if the patient is an adult under guardian-
39 ship; an authorized representative; or a guarantor.

40 (k) "Period of suspension" means a period consisting of the first day
41 of a declared state disaster emergency related to the COVID-19 pandemic
42 and until no less than sixty days after a declared state disaster emer-
43 gency related to the COVID-19 pandemic is no longer in effect anywhere
44 in the state.

45 2. Involuntary collection activity. No hospital or healthcare profes-
46 sional shall engage in any collection actions during the period of
47 suspension.

48 3. No accrual of interest. Interest shall not accrue on any medical
49 debt described under subdivision two for which collection was suspended
50 for the period of suspension.

51 4. Notice. To inform patients of the actions taken in accordance with
52 this section and ensure an effective transition, all hospitals and
53 healthcare professionals shall:

54 (a) Not later than fifteen days after the effective date of this
55 section, notify patients:

1 (i) of the actions taken in accordance with subdivisions two and three
 2 of this section for whom collections have been suspended and interest
 3 waived;

4 (ii) of the option to continue making payments toward any amount due;
 5 and

6 (iii) that the program described in this section is a temporary
 7 program.

8 (b) Within fifteen days after the expiration of the period of suspen-
 9 sion, carry out a program to provide no fewer than three notices by
 10 postal mail, telephone or electronic communication to patients indicat-
 11 ing:

12 (i) when the patient's normal payment obligations will resume;

13 (ii) with respect to notices submitted by hospitals, that the patient
 14 may be eligible to enroll in the hospital's financial assistance plan
 15 pursuant to section twenty-eight hundred seven-k of this article; and

16 (iii) with respect to notices submitted by healthcare professionals,
 17 that the patient may be eligible to enroll in a financial assistance
 18 plan, if the healthcare professional has a financial assistance policy
 19 for his or her patients.

20 5. Proof of submission of claim. With respect to patients who are
 21 uninsured on the date that the treating hospital or healthcare profes-
 22 sional renders testing or treatment services related to COVID-19,
 23 including, but not limited to, diagnostic evaluations, testing or other
 24 methods to rule out diseases with similar symptoms to COVID-19, no
 25 hospital or healthcare professional may engage in any collection actions
 26 to collect payment for such services, unless the treating hospital or
 27 healthcare professional produces a sworn affidavit that he, she or it
 28 submitted a claim for payment for such services to the federal depart-
 29 ment of health and human services, health resources and services admin-
 30 istration (HRSA), in accordance with federal law, and that HRSA denied
 31 the claim.

32 6. Private right of action. Every violation of this section shall be
 33 deemed a deceptive act and practice subject to enforcement under article
 34 twenty-two-A of the general business law. Nothing in this section shall
 35 be construed to restrict any right which any person may have under any
 36 other statute or the common law.

37 § 2. The debtor and creditor law is amended by adding a new article
 38 10-B to read as follows:

39 ARTICLE 10-B

40 TEMPORARY RELIEF FROM COLLECTION OF MEDICAL DEBT DURING THE
 41 COVID-19 PANDEMIC

42 Section 286. Definitions.

43 287. Requirements.

44 § 286. Definitions. As used in this article, the following terms shall
 45 have the following meanings:

46 1. "Collection action" means any of the following:

47 (a) Selling an individual's debt to another party, except if, prior to
 48 the sale, the medical creditor has entered into a legally binding writ-
 49 ten agreement with the medical debt buyer of the debt pursuant to which:

50 (i) The medical debt buyer or collector is prohibited from engaging in
 51 any collection actions, as defined herein, to obtain payment for the
 52 care;

53 (ii) The medical debt buyer is prohibited from charging interest on
 54 the debt in excess of that described in this section;

1 (iii) The debt is returnable to or recallable by the medical creditor
2 upon a determination by the medical creditor or medical debt buyer that
3 the individual is eligible for financial assistance; and

4 (iv) If the individual is determined to be eligible for financial
5 assistance and the debt is not returned to or recalled by the medical
6 creditor, the medical debt buyer is required to adhere to procedures
7 which shall be specified in the agreement that ensure that the individ-
8 ual does not pay, and has no obligation to pay, the medical debt buyer
9 and the medical creditor together more than he or she is personally
10 responsible for paying in compliance with this section.

11 (b) Reporting adverse information about a patient to a consumer
12 reporting agency; or

13 (c) Actions that require a legal or judicial process, including but
14 not limited to:

15 (i) Placing or executing a lien on the individual's property;

16 (ii) Attaching or seizing an individual's bank account or any other
17 personal property;

18 (iii) Commencing or prosecuting a civil action against an individual;

19 (iv) Garnishing an individual's wages; or

20 (v) Any other involuntary collection activity.

21 2. "Consumer reporting agency" has the same meaning as such term is
22 defined in section three hundred eighty-a of the general business law.

23 3. "Declared state disaster emergency" means the declaration of a
24 state of emergency pursuant to article two-B of the executive law.

25 4. "Healthcare professional" means a person licensed or certified
26 pursuant to title eight of the education law.

27 5. "Healthcare services" means services for the diagnosis, prevention,
28 treatment, cure or relief of a physical, dental, behavioral substance
29 use disorder or mental health condition, illness, injury or disease.
30 These services include, but are not limited to, any procedures,
31 products, devices or medications.

32 6. "Hospital" means all hospitals licensed under article twenty-eight
33 of the public health law.

34 7. "Medical debt" means a debt arising from the receipt of healthcare
35 services.

36 8. "Medical debt buyer" means a person or entity that is engaged in
37 the business of purchasing medical debts for collection purposes, wheth-
38 er it collects the debt itself or hires a third party for collection or
39 an attorney for litigation in order to collect such debt.

40 9. "Medical debt collector" means any person or entity that regularly
41 collects or attempts to collect, directly or indirectly, medical debts
42 originally owed or due or asserted to be owed or due to another. A
43 medical debt buyer is considered to be a medical debt collector for all
44 purposes.

45 10. "Patient" means the person who received healthcare services, and
46 for the purposes of this article shall include: a parent if the patient
47 is a minor; a legal guardian if the patient is an adult under guardian-
48 ship; an authorized representative; or a guarantor.

49 11. "Period of suspension" means a period consisting of the first day
50 of a declared state disaster emergency related to the COVID-19 pandemic
51 and until no less than sixty days after a declared state disaster emer-
52 gency related to the COVID-19 pandemic is no longer in effect anywhere
53 in the state.

54 § 287. Requirements. 1. Temporary relief from collection of medical
55 debt. All medical debt buyers and collectors shall suspend all payments
56 due for medical debt through the period of suspension.

1 2. No accrual of interest. Interest shall not accrue on any medical
2 debt described under subdivision one of this section for which payment
3 was suspended for the period of suspension.

4 3. Involuntary collection activity. No medical debt buyer or collector
5 shall engage in any collection actions during the period of suspension.

6 4. Notice. To inform patients of the actions taken in accordance with
7 this section and ensure an effective transition, all medical debt buyers
8 and collectors shall:

9 (a) Not later than fifteen days after the effective date of this
10 section, notify patients:

11 (i) of the actions taken in accordance with subdivisions one and two
12 of this section for whom payments have been suspended and interest
13 waived;

14 (ii) of the actions taken in accordance with subdivision three of this
15 section for whom collections have been suspended;

16 (iii) of the option to continue making payments toward any amount due;
17 and

18 (iv) that the program described under this section is a temporary
19 program.

20 (b) Within fifteen days after the expiration of the period of suspen-
21 sion, carry out a program to provide no fewer than three notices by
22 postal mail, telephone or electronic communication to patients indicat-
23 ing:

24 (i) when the patient's normal payment obligations will resume; and

25 (ii) that the patient may be eligible to enroll in a financial assist-
26 ance plan pursuant to any applicable and available financial assistance
27 policy of either the medical debt buyer or collector.

28 5. Proof of submission of claim. With respect to patients who are
29 uninsured on the date that the treating hospital or healthcare profes-
30 sional renders testing or treatment services related to COVID-19,
31 including, but not limited to, diagnostic evaluations, testing or other
32 methods to rule out diseases with similar symptoms to COVID-19, no
33 medical debt buyer or collector may engage in any collection actions to
34 collect payment for such services, unless the treating hospital or
35 healthcare professional produces a sworn affidavit that he, she or it
36 submitted a claim for payment for such services to the federal depart-
37 ment of health and human services, health resources and services admin-
38 istration (HRSA), in accordance with federal law, and that HRSA denied
39 the claim.

40 6. Private right of action. Every violation of this section shall be
41 deemed a deceptive act and practice subject to enforcement under article
42 twenty-two-A of the general business law. Nothing in this section shall
43 be construed to restrict any right which any person may have under any
44 other statute or the common law.

45 § 3. Section 5004 of the civil practice law and rules, as amended by
46 chapter 258 of the laws of 1981, is amended to read as follows:

47 § 5004. Rate of interest. Interest shall be at the rate of nine per
48 centum per annum, except where otherwise provided by statute, provided
49 that the annual rate of interest to be paid on a judgment or accrued
50 claim in an action arising from a medical debt, as defined by section
51 two thousand eight hundred twenty-eight of the public health law, where
52 the purchaser, borrower or debtor is the defendant shall be calculated
53 at the one-year United States treasury bill rate; and provided further
54 that no interest shall accrue on a judgment or accrued claim in an
55 action arising from a medical debt while the state disaster emergency
56 order related to the COVID-19 pandemic is in effect. For the purposes of

1 this section, the "one-year United States treasury bill rate" means the
2 weekly average one-year constant maturity treasury yield, as published
3 by the board of governors of the federal reserve system, for the calen-
4 dar week preceding the date of the entry of the judgment awarding
5 damages.

6 § 4. The insurance law is amended by adding a new section 3244 to read
7 as follows:

8 § 3244. Extension of premium payment periods; COVID-19. (a) Defi-
9 nitions. As used in this section, the following terms shall have the
10 following meanings:

11 (1) "Credit reporting agency" means a reporting agency that regularly
12 engages in the practice of assembling or evaluating and maintaining, for
13 the purpose of furnishing credit reports to third parties bearing on a
14 person's credit worthiness, credit standing, or credit capacity, and
15 credit account information from persons who furnish that information
16 regularly and in the ordinary course of business.

17 (2) "Late fee" means a fee associated with an insurance premium
18 payment that is made at a time later than the premium due date, but
19 prior to both insurance policy or contract termination and the time in
20 which an insurer, HMO, or student health plan may reject premium
21 payment.

22 (3) "Medical debt buyer" means a person or entity that is engaged in
23 the business of purchasing medical debts for collection purposes, wheth-
24 er it collects the debt itself or hires a third-party for collection or
25 an attorney for litigation in order to collect such debt.

26 (4) "Medical debt collector" means any person or entity that regularly
27 collects or attempts to collect, directly or indirectly, medical debts
28 originally owed or due or asserted to be owed or due to another. A
29 medical debt buyer is considered to be a medical debt collector for all
30 purposes.

31 (5) "Student health plan" has the meaning set forth in paragraph five
32 of subsection (a) of section one thousand one hundred twenty-four of
33 this chapter.

34 (6) "Child health plus" means coverage issued pursuant to section two
35 thousand five hundred eleven of the public health law.

36 (7) "HMO" shall mean a health maintenance organization operating in
37 accordance with the provisions of article forty-four of the public
38 health law or article forty-three of this chapter.

39 (b) Extension of premium payment periods. Every issuer of individual,
40 small group and student blanket comprehensive health insurance policies
41 subject to this article, as well as any issuer of a child health plus
42 policy where the policyholder or contract holder pays the entire premi-
43 um, shall, subject to consideration by the superintendent of the liquid-
44 ity and solvency of the applicable insurer, HMO, or student health plan,
45 extend the period for the payment of premiums for any policyholder or
46 contract holder who can demonstrate financial hardship as a result of
47 the COVID-19 pandemic to the later of the expiration of the applicable
48 contractual grace period and the date sixty days after a state disaster
49 emergency is no longer in effect with respect to the COVID-19 pandemic
50 anywhere in the state. Such an insurer, HMO, and student health plan
51 shall be responsible for the payment of claims during such period and
52 may not retroactively terminate the insurance policy for non-payment of
53 the premium during such period.

54 (c) Requirements. With regard to an individual, small group, or
55 student blanket comprehensive health insurance policyholder or contract
56 holder who does not make a timely premium payment and can demonstrate

1 financial hardship as a result of the COVID-19 pandemic, the applicable
2 insurer, HMO, or student health plan: (1) shall not impose any late fees
3 relating to such premium payment; (2) shall not report the policyholder
4 or contract holder to a credit reporting agency or refer the policyhold-
5 er or contract holder to a medical debt buyer or collector with respect
6 to such premium payment; (3) shall provide information to the policy-
7 holder or contract holder regarding alternate policies available from
8 the insurer, HMO, or student health plan and provide contact information
9 for the NY state of health established pursuant to title seven of arti-
10 cle two of the public health law; and (4) shall provide information
11 regarding health insurance and medical debt consumer assistance avail-
12 able from the state designated consumer assistance program.

13 (d) Other provisions. (1) Subject to consideration by the superinten-
14 dent of the liquidity and solvency of the applicable insurer, HMO, or
15 student health plan, the insurer, HMO, or student health plan also
16 shall, within ten business days following the effective date of this
17 section:

18 (A) mail or deliver, which may include electronic mail, written notice
19 to every individual, small group, or student blanket comprehensive
20 health insurance policyholder and contract holder of the provisions of
21 this section and a toll-free number that the individual, small group, or
22 student blanket comprehensive health insurance policyholder or contract
23 holder may call to discuss billing and make alternative payment arrange-
24 ments; and

25 (B) notify insurance producers and any third-party administrators with
26 whom or which the insurer does business of the provisions of this
27 section.

28 (2) A licensed insurance producer who procured the individual, small
29 group, or student blanket comprehensive health insurance policy for the
30 policyholder or contract holder shall mail or deliver, which may include
31 electronic mail, notice to the policyholder or contract holder of the
32 provisions of this section within ten business days following the effec-
33 tive date of this section.

34 (3) Solely for the purposes of this section, an insurer, HMO, or
35 student health plan shall accept a written attestation from an individ-
36 ual, small group, or student blanket comprehensive policyholder or
37 contract holder as proof of financial hardship as a result of the
38 COVID-19 pandemic.

39 (4) Nothing in this section shall prohibit an individual, small group,
40 or student blanket comprehensive health insurance policyholder or
41 contract holder from voluntarily cancelling a health insurance policy.

42 (5) The period to pay insurance premiums set forth in this section
43 shall not constitute a waiver or forgiveness of the premium.

44 (6) The period set forth in subsection (b) of this section applies
45 only to terminations attributed to a failure by an individual, small
46 group, or student blanket comprehensive health insurance policyholder or
47 contract holder to pay premiums during such period. If an insurer, HMO,
48 or student health plan terminates a policy for any other reason permit-
49 ted by law, the insurer, HMO, or student health plan shall comply with
50 statutory notice requirements.

51 § 5. The insurance law is amended by adding a new section 4331 to read
52 as follows:

53 § 4331. Extension of premium payment periods; COVID-19. (a) Defi-
54 nitions. As used in this section, the following terms shall have the
55 following meanings:

1 (1) "Credit reporting agency" means a reporting agency that regularly
2 engages in the practice of assembling or evaluating and maintaining, for
3 the purpose of furnishing credit reports to third parties bearing on a
4 person's credit worthiness, credit standing, or credit capacity, and
5 credit account information from persons who furnish that information
6 regularly and in the ordinary course of business.

7 (2) "Late fee" means a fee associated with an insurance premium
8 payment that is made at a time later than the premium due date, but
9 prior to both insurance policy or contract termination and the time in
10 which an insurer, HMO, or student health plan may reject premium
11 payment.

12 (3) "Medical debt buyer" means a person or entity that is engaged in
13 the business of purchasing medical debts for collection purposes, wheth-
14 er it collects the debt itself or hires a third-party for collection or
15 an attorney for litigation in order to collect such debt.

16 (4) "Medical debt collector" means any person or entity that regularly
17 collects or attempts to collect, directly or indirectly, medical debts
18 originally owed or due or asserted to be owed or due to another. A
19 medical debt buyer is considered to be a medical debt collector for all
20 purposes.

21 (5) "Student health plan" has the meaning set forth in paragraph five
22 of subsection (a) of section one thousand one hundred twenty-four of
23 this chapter.

24 (6) "Child health plus" means coverage issued pursuant to section two
25 thousand five hundred eleven of the public health law.

26 (7) "HMO" shall mean a health maintenance organization operating in
27 accordance with the provisions of article forty-four of the public
28 health law or this article.

29 (b) Extension of premium payment periods. Every medical expense indem-
30 nity corporation, HMO, hospital service corporation or health service
31 corporation subject to this article which issues direct pay, small group
32 or student blanket comprehensive contracts, as well as any issuer of
33 child health plus coverage where the subscriber pays the entire premium,
34 subject to consideration by the superintendent of the liquidity and
35 solvency of the applicable medical expense indemnity corporation, HMO,
36 hospital service corporation or health service corporation, shall extend
37 the period for the payment of premiums for any policyholder or contract
38 holder who can demonstrate financial hardship as a result of the COVID-
39 19 pandemic to the later of the expiration of the applicable contractual
40 grace period and the date sixty days after a state disaster emergency is
41 no longer in effect with respect to the COVID-19 pandemic anywhere in
42 the state. Such a medical expense indemnity corporation, HMO, hospital
43 service corporation or health service corporation shall be responsible
44 for the payment of claims during such period and may not retroactively
45 terminate the contract for non-payment of the premium during such peri-
46 od.

47 (c) Requirements. With regard to a direct pay, small group, or student
48 blanket comprehensive health insurance contract holder who does not make
49 a timely premium payment and can demonstrate financial hardship as a
50 result of the COVID-19 pandemic, the applicable medical expense indem-
51 nity corporation, HMO, hospital service corporation or health service
52 corporation: (1) shall not impose any late fees relating to such premium
53 payment; (2) shall not report the contract holder to a credit reporting
54 agency or refer the contract holder to a medical debt buyer or collector
55 with respect to such premium payment; (3) shall provide information to
56 the contract holder regarding alternate policies available from the

1 medical expense indemnity corporation, hospital service corporation or
2 health service corporation; and (4) shall provide information regarding
3 health insurance and medical debt consumer assistance available from the
4 state designated consumer assistance program.

5 (d) Other provisions. (1) Subject to consideration by the superinten-
6 dent of the liquidity and solvency of the applicable medical expense
7 indemnity corporation, HMO, hospital service corporation or health
8 service corporation, medical expense indemnity corporation, hospital
9 service corporation or health service corporation also shall, within ten
10 business days following the effective date of this section:

11 (A) mail or deliver, which may include electronic mail, written notice
12 to every direct pay, small group, or student blanket comprehensive
13 health insurance contract holder of the provisions of this section and a
14 toll-free number that the direct pay small group, or student blanket
15 comprehensive health contract holder may call to discuss billing and
16 make alternative payment arrangements;

17 (B) notify insurance producers and any third-party administrators with
18 whom or which the medical expense indemnity corporation, HMO, hospital
19 service corporation or health service corporation does business of the
20 provisions of this section.

21 (2) A licensed insurance producer who procured the direct pay, small
22 group, or student blanket comprehensive contract for the contract holder
23 shall mail or deliver, which may include electronic mail, notice to the
24 contract holder of the provisions of this section within ten business
25 days following the effective date of this section.

26 (3) Solely for the purposes of this section, a medical expense indem-
27 nity corporation, HMO, hospital service corporation or health service
28 corporation shall accept a written attestation from a direct pay, small
29 group, or student blanket comprehensive contract holder as proof of
30 financial hardship as a result of the COVID-19 pandemic.

31 (4) Nothing in this section shall prohibit a direct pay, small group,
32 or student blanket comprehensive contract holder from voluntarily
33 cancelling a contract.

34 (5) The period to pay premiums set forth in this section shall not
35 constitute a waiver or forgiveness of the premium.

36 (6) The period set forth in subsection (b) of this section applies
37 only to terminations attributed to a failure by a direct pay, small
38 group, or student blanket comprehensive contract holder to pay premiums
39 during such period. If a medical expense indemnity corporation, hospital
40 service corporation or health service corporation terminates a policy
41 for any other reason permitted by law, the insurer medical expense
42 indemnity corporation, hospital service corporation or health service
43 corporation shall comply with statutory notice requirements.

44 § 6. This act shall take effect immediately.