

# STATE OF NEW YORK

5909--B

2023-2024 Regular Sessions

## IN SENATE

March 22, 2023

Introduced by Sens. RIVERA, BROUK, MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Health -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported favorably from said committee and committed to the Committee on Finance -- 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

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

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1 a person by a general hospital licensed under article twenty-eight of  
2 the public health law or a health care professional authorized under  
3 title eight of the education law who practices within a hospital, wheth-  
4 er or not such obligation has been reduced to judgment.

5 § 246. Hospital medical debt relief program. 1. The commissioner,  
6 subject to general fund appropriations for this purpose, shall establish  
7 a three-year pilot program to provide hospital medical debt relief to  
8 eligible residents in the state.

9 2. Pursuant to sections one hundred twelve and one hundred sixty-three  
10 of the state finance law, the commissioner shall contract with a not-  
11 for-profit organization to identify and cancel the hospital medical debt  
12 owed by eligible residents to hospitals and their contracted providers  
13 located within the state, to the extent possible. Such not-for-profit  
14 organization shall enter into agreements with general hospitals in the  
15 state to identify eligible residents utilizing patient data provided by  
16 such participating hospitals including, demographic information, resi-  
17 dents' zip codes, insurance status and payer, dates of service,  
18 balances still owed, and other information necessary to identify an  
19 eligible resident. The not-for-profit organization shall retire such  
20 eligible residents' hospital medical debt by acquiring such debt through  
21 purchase or receipt as a donation from a participating general hospital  
22 and then cancelling such debt. Any such purchase of hospital medical  
23 debt shall be for an amount at or below the fair market value of such  
24 debt. All data sharing shall comply with the provisions of the federal  
25 health insurance portability and accountability act and any other  
26 applicable state or federal law.

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

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

38 5. Once a hospital medical debt has been cancelled, the participating  
39 general hospital or their third party agent, that reported the hospital  
40 medical debt to the credit reporting agencies, shall inform the credit  
41 reporting agencies of such cancellation to ensure that the debt has been  
42 removed from an eligible recipient's credit report.

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

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

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

19 8. The commissioner shall promulgate any rules and regulations neces-

20 sary for the implementation of this section.

21 § 3. Subsection (i) of section 601 of the tax law is relettered

22 subsection (j) and a new subsection (i) is added to read as follows:

23 (i) Hospital medical debt relief. Notwithstanding the provisions of

24 subsections (a), (b), (c) and (d) of this section and any other

25 provision of this article, for taxable years beginning after the effec-

26 tive date of this subsection, the income of an individual received

27 pursuant to the provisions of section two hundred forty-six of the

28 public health law in the form of debt cancelation shall be exempt from

29 tax under this article regardless of whether such income is subject to

30 federal income taxation.

31 § 4. This act shall take effect on the one hundred eightieth day after

32 it shall have become a law. Effective immediately, the addition, amend-

33 ment and/or repeal of any rule or regulation necessary for the implemen-

34 tation of this act on its effective date are authorized to be made and

35 completed on or before such effective date.