STATE OF NEW YORK

3580

2025-2026 Regular Sessions

IN ASSEMBLY

January 28, 2025

Introduced by M. of A. REYES, DE LOS SANTOS -- read once and referred to the Committee on Health

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:

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

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

TITLE 2-G

HOSPITAL MEDICAL DEBT RELIEF PROGRAM

Section 245. Definitions.

246. Hospital medical debt relief program.

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

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

(a) is a resident of the state;

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

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

2. "General hospital medical debt" means an obligation or an alleged obligation of an eligible resident to pay any amount whatsoever related to the receipt of health care services, products, or devices provided to a person by a general hospital licensed under article twenty-eight of this chapter or a health care professional authorized under title eight of the education law who practices within a hospital, whether 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.

LBD03442-01-5

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

2. Pursuant to sections one hundred twelve and one hundred sixty-three of the state finance law, the commissioner shall contract with a not-for-profit organization to identify and cancel the hospital medical debt owed by eligible residents to hospitals and their contracted providers located within the state, to the extent possible. Such not-for-profit organization shall enter into agreements with general hospitals in the state to identify eligible residents utilizing patient data provided by such participating hospitals including, demographic information, residents' zip codes, 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' hospital medical debt by acquiring such debt through purchase or receipt as a donation from a participating general hospital and then cancelling such debt. Any such purchase of hospital 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. To the extent possible, for general hospitals that have entered into an agreement under the program, priority shall be given: (a) to eligible residents whose debt is eighteen months or older; and/or (b) who resides in the lowest-income zip codes.

4. 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 hospital medical debt has been cancelled and that the debt cancelation does not lead to income tax liabilities for program recipients. Such notice shall include a copy of the hospital's financial assistance application and policy pursuant to section twenty-eight hundred of this chapter.

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

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

7. The not-for-profit organization shall, in consultation with the department report annually on the progress and success of the hospital 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 hospital 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;

(f) the number of individual debts purchased by zip code;

(g) the number of individual debts canceled by county separated by the federal poverty line as defined and annually revised by the United States department of health and human services for a household of the same size, as follows: (i) two hundred percent and below, (ii) above two hundred percent up to three hundred percent, (iii) above three hundred percent up to four hundred percent, (iv) above four hundred percent; and

(h) 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.

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

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

§ 4. This act shall take effect on the one hundred eightieth day after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.