

# 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:

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.

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

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

12 (a) is a resident of the state;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (d) the number of individual debts purchased;

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

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

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

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

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

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

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

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