§ 406. Hospitals; refunds, waivers and compromises of bills. 1. Moneys heretofore or hereafter received by the department for the accounts of any of the hospitals or institutions of the department may be refunded to the person or party for whose account same were received, and within six years thereafter upon satisfactory proof being submitted to the commissioner that:

a. such moneys were in excess of the charges imposed upon or incurred by the party, pursuant to law; or,

b. such moneys were received as reimbursement for care, maintenance and treatment of patients, and such care, maintenance and treatment has not been rendered or furnished; or,

c. such moneys were received from the funds of patients not available for payment for the care, maintenance and treatment of patients.

2. Notwithstanding the provisions of section one hundred twenty-one of the state finance law, such refunds shall, upon approval by the commissioner and after audit by the comptroller, be paid from any moneys in the custody of the department received as reimbursement for the care, maintenance and treatment of patients in the several hospitals in the department.

3. The commissioner may in his discretion, in proper cases, where substantial justice will best be served thereby, waive bills for the maintenance, care and treatment received or furnished to patients in any of the hospitals or institutions of the department or compromise any portion of such bills. Such waiver or compromise shall be made only upon prior approval of the comptroller and the attorney general when they deem it to be for the best interest of the state.