

Ending Medical Debt in New York

Amanda Dunker
Health Policy Director
Community Service Society of New York

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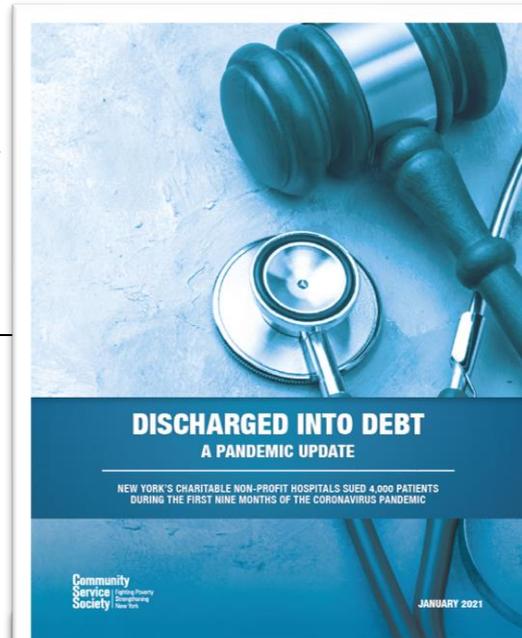
Community Service Society

The Community Service Society of New York is a 175-year-old not-for-profit seeking to build a more equitable New York for low- and moderate-income New Yorkers.

- Health coverage and care are major barriers to economic security

CSS's 3-pronged health strategy:

1. Direct health access services – we're the largest NY Navigator and administer New York's Consumer Assistance Program (CAP)
2. Policy analysis from consumer lens
3. Advocacy, organizing, rapid response

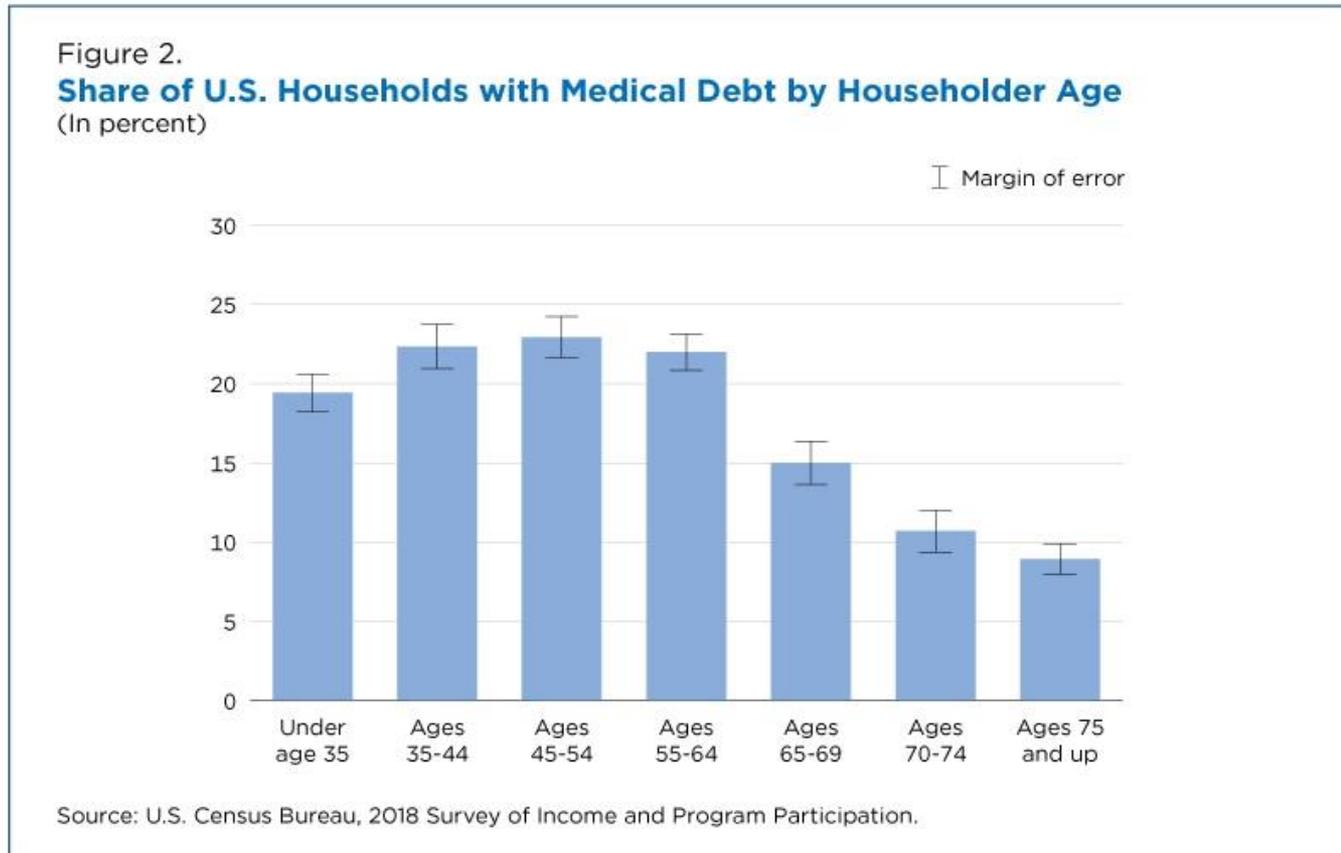


Health care is unaffordable even with insurance



- Statewide health care affordability poll found that **50% of people with insurance had a health care affordability burden**
 - 50% of adults had cost barriers to accessing care (e.g. skipped a test, delayed care, skipped or cut pills)
 - 46% of adults struggle to pay medical bills (e.g. used up savings, gave up food or rent, in collections, credit card debt)
 - Since 2019, **Community Health Advocates** identified a **64% spike in medical debt cases**
 - Medical debt is **the largest source of debt in collections**: 17.8% of credit reports nationally
-

Medicare helps – but it doesn't eliminate medical debt for people over 65



What causes medical debt for people in Medicare?

- Affordability cliff for Medicare-eligible people: too much income for Medicaid but not enough income to afford supplemental coverage
- Medical billing errors and inappropriate service denials
- Obtaining health care that isn't covered because of categorical gaps in what Medicare covers (dental) or inadvertently running into a coverage gap (day 101 in a skilled nursing facility)



Medicare-Related Medical Debt

Medical debt refers to debts incurred due to health care expenses. According to a [Kaiser Family Foundation survey](#), about a quarter of U.S. adults ages 18-64 say they or someone in their household had problems paying medical bills. [Older adults also struggle with out-of-pocket health care costs](#), even with Medicare, Medicaid, and other insurance. Individuals with debts are forced to make tough decisions that impact their health and financial wellbeing.

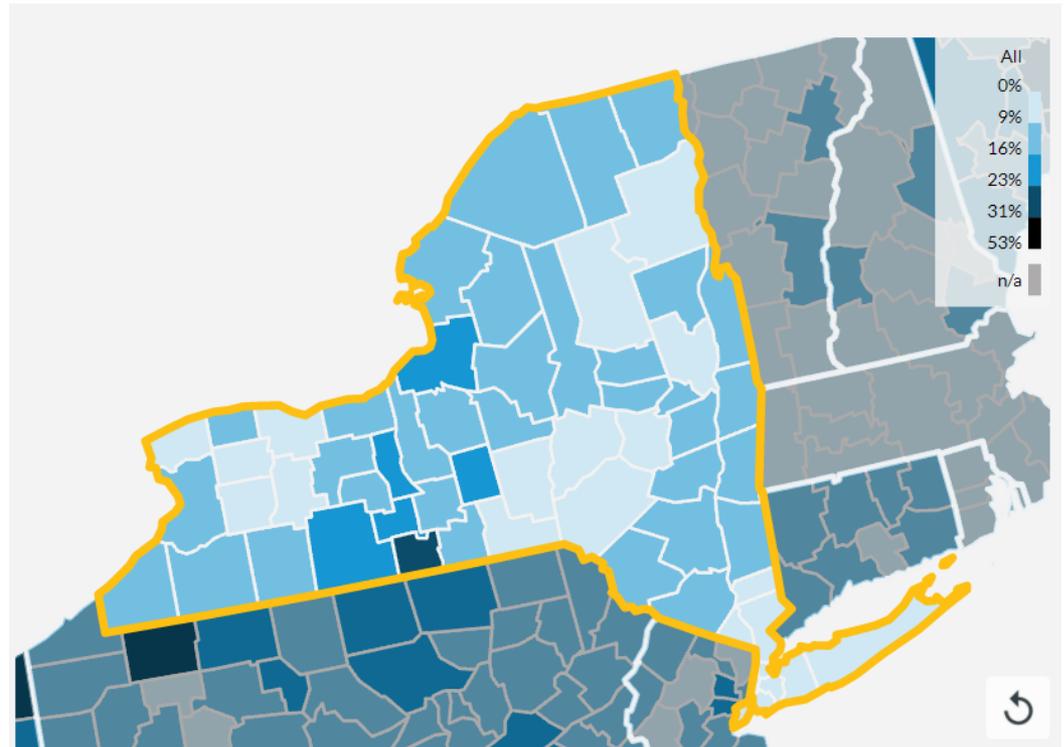
There are a few ways that Medicare beneficiaries might incur medical debts:

- **Skilled nursing facility (SNF) care**
 - Medicare covers up to 100 days of care in a SNF each [benefit period](#). Beneficiaries that need more than 100 days of SNF care in a benefit period will need to pay out of pocket. Individuals who remain in a SNF after they run out of days may incur high health care costs.
- **Ambulance services**
 - Medicare covers emergency ambulance services and, in limited cases, non-emergency ambulance services. In either case, use of an ambulance must meet [certain eligibility requirements for coverage](#). Beneficiaries who use an ambulance without meeting these requirements may be responsible for the full cost.
- **Excluded services**
 - Medicare does not cover all health care services. Services excluded from Medicare coverage include but are not limited to long-term care, most care received outside of the U.S., and most dental care. Beneficiaries who need these services sometimes receive them without realizing that they are responsible for the full cost of care.
- **Service denials**
 - Medicare may deny coverage for a health services or items. Typically, an individual receives a denial if their plan determines that the care was not medically necessary, or they didn't follow the plan's coverage rules. Beneficiaries may appeal denials. However, unsuccessful appeals or failure to appeal may mean that the individual is responsible for the full cost of their care.

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New Yorkers are frequently put into collections over medical debt

- Unpaid medical bills appear on 6% of credit reports overall, but ranges from 3% in Manhattan to 27% in Chemung County
- There are 31 counties where the proportion is higher than 10%



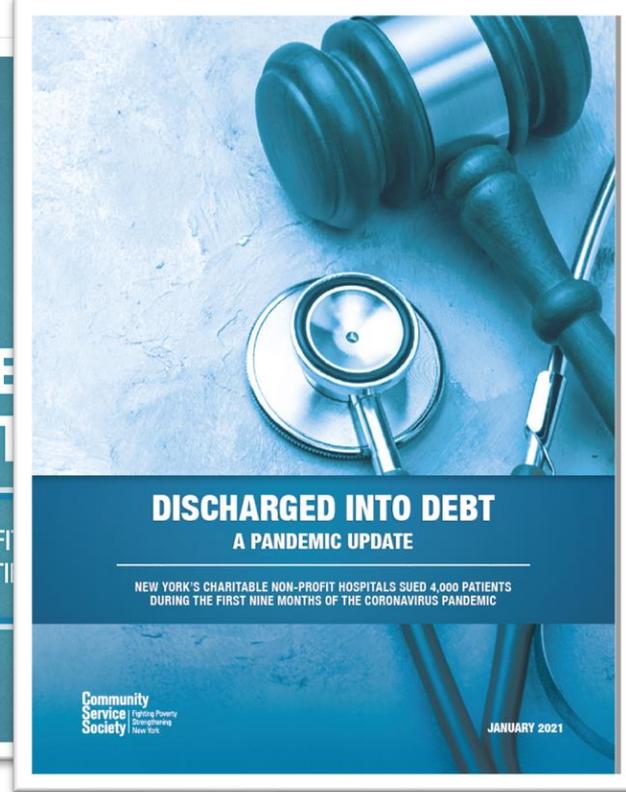
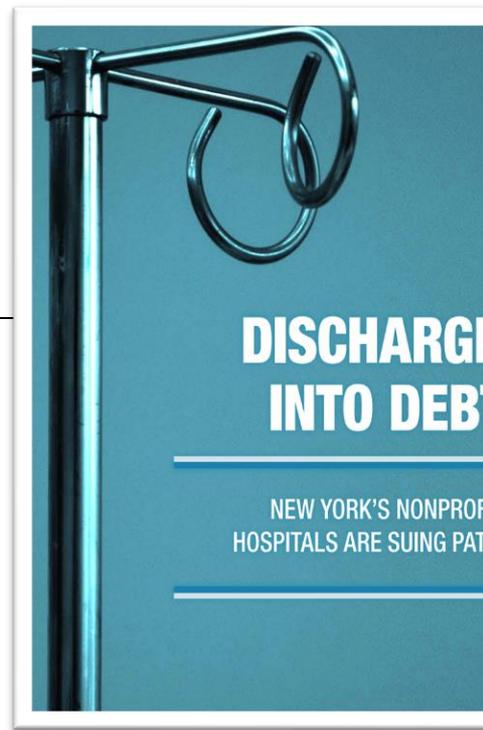
People of color are reported to collections agencies for medical debt at far higher rates than others

**Share of Residents with Delinquent Medical Debt on Their Credit Reports
(December 2020)**

County	Overall	White Communities	Communities of Color	Difference
Westchester	5.5%	2.7%	10%	370%
Albany	9.5%	7.7%	19.6%	255%
Monroe	7.6%	5.7%	14.2%	249%
Onondaga	15.2%	11.5%	28.1%	244%
Erie	9.2%	7.3%	17.2%	236%
Schenectady	11.9%	9.5%	21%	221%

Charitable hospitals sue patients

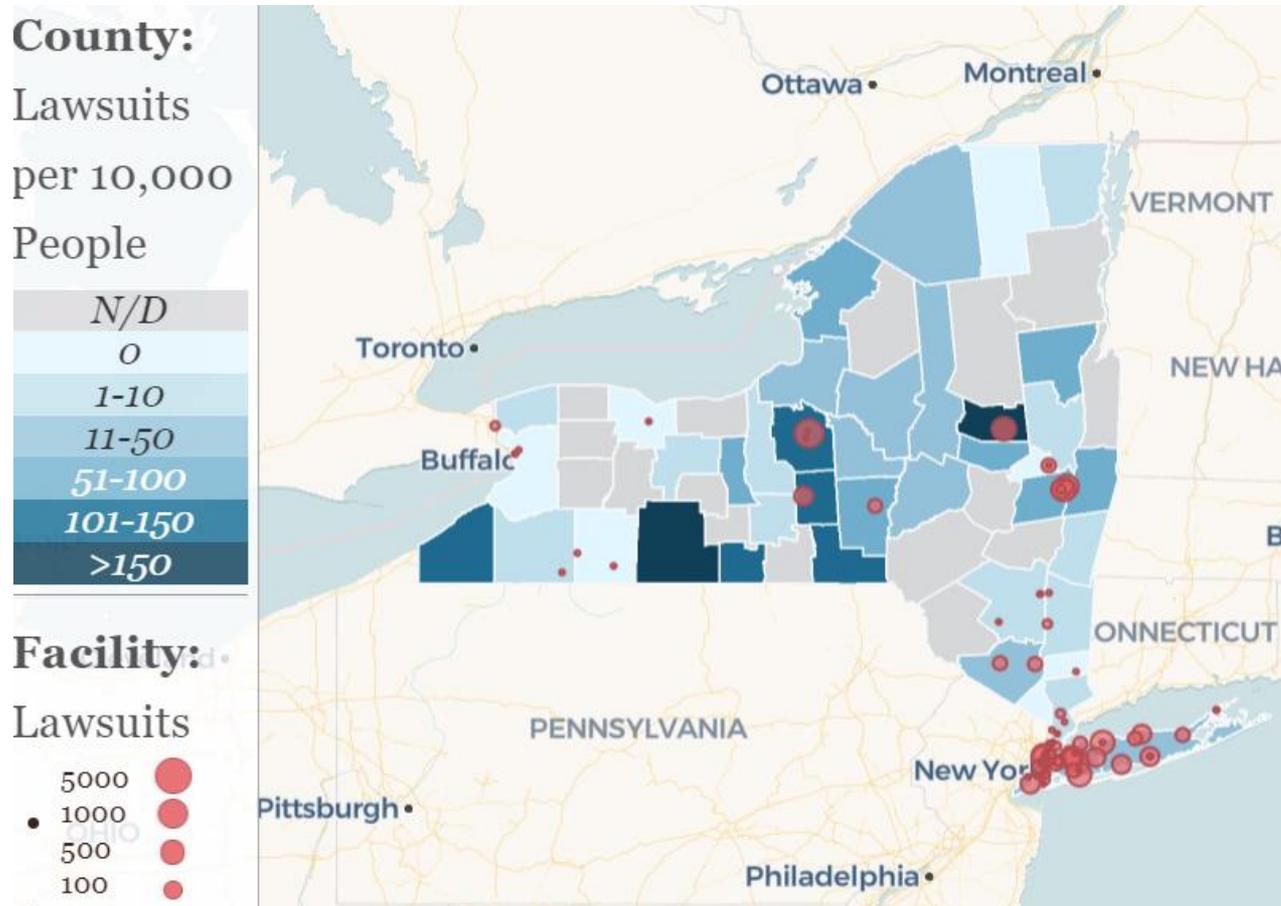
- 52,000 New Yorkers sued since 2015
 - 4,000 sued during the pandemic
 - Hospitals that sued the most provide the least financial aid
- These hospitals receive more of the \$1.1 billion state Indigent Care Pool funds than they provide in financial aid (windfall)
- Some hospitals never sue



The New York Times *One Hospital System Sued 2,500 Patients* *After Pandemic Hit*

The largest health system in New York, led by a close ally of the governor, continued to sue over medical debt during the Covid-19 crisis, even after other big hospitals suspended lawsuits.

Lawsuit hotspots



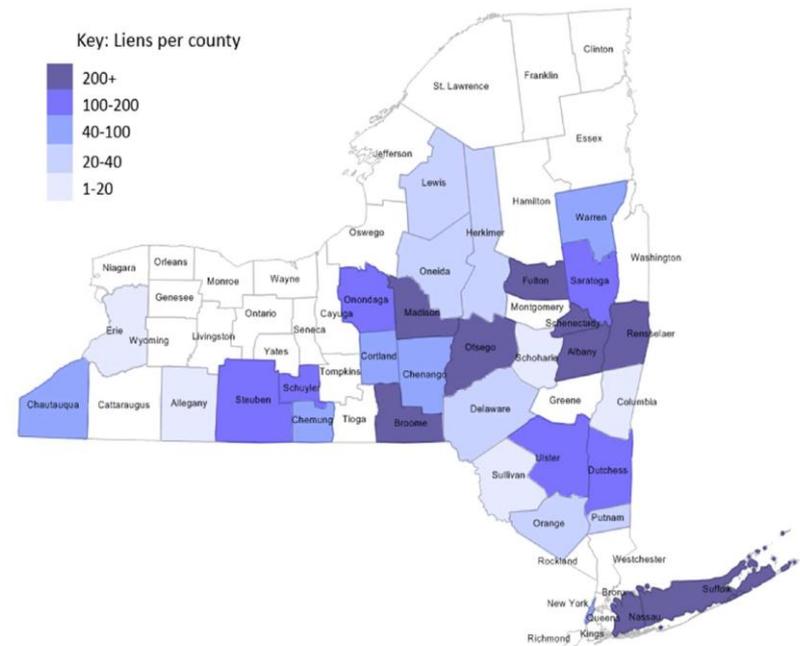
Major hotspots include Fulton, Cortland, Onondaga, Rensselaer, Chenango, Albany, Nassau, and Suffolk Counties

Source: [Mapping How New York's Hospitals Sue Vulnerable Patients | Community Service Society of New York \(cssny.org\)](#)

New York's nonprofit hospitals take liens on thousands of patients' homes annually

Between 2017 and 2018, 56 nonprofit charitable hospitals in New York imposed 4,880 liens on the homes of their patients with outstanding medical bills.

Top 10 counties	Liens placed by hospitals in county	Liens per 10,000 county residents	Median income
Schuyler	134	37.6	\$52,300
Fulton	358	33.5	\$50,500
Madison	316	22.3	\$61,600
Otsego	226	19	\$54,000
Rensselaer	547	17.2	\$69,000
Albany	691	11.3	\$66,300
Broome	369	9.7	\$52,200
Schenectady	230	7.4	\$65,500
Cortland	62	6.5	\$56,000
Steuben	115	6	\$53,700



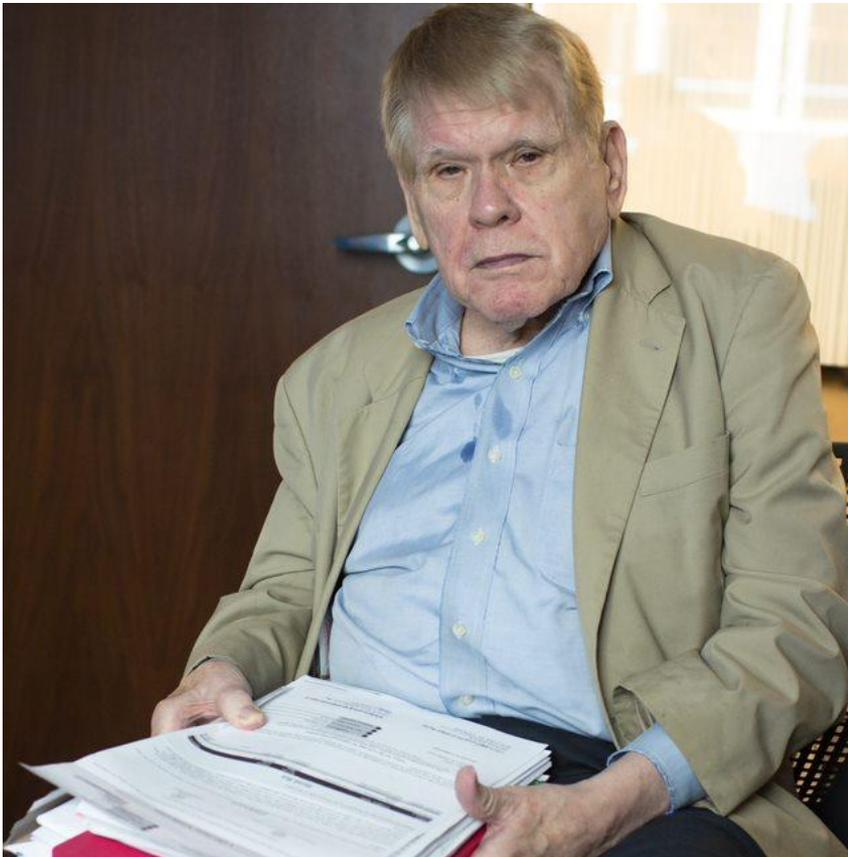
New York's non-profit hospitals are also garnishing patients' wages

CSS analyzed random samples of data for four hospitals and found 1,321 people whose wages were garnished over medical debt:

County	Percent of Cases with Wage Garnishment Requests	Total lawsuits filed by sample hospital	Number of People Whose Wages Were Garnished
Broome	38.3%	1,849	708
Fulton	18.3%	1,503	275
Albany	13.8%	1,198	165
Onondaga	3.1%	5,596	173

Common employers are retailers like Wal-Mart, manufacturers, and health care providers

John's Story



- Retired and enrolled in Medicare, unable to afford supplemental insurance
- Hospitalized after a heart attack in 2015, developed cancer in 2018. Received care at three different NYC hospitals and relied on ambulances for transportation because he could not pay for a cab and could not physically access public transportation
- Results:
 - Eligible for hospital financial assistance but still put into collections by his providers
 - Sued by his landlord because he couldn't pay rent
 - Sued by his credit card company after using the card to pay for care

Policy Recommendations

- 1. Prohibit wage garnishment/property liens on patients' primary home for medical debt.** S6522 – Rivera / A7363 – Gottfried would prohibit hospitals from imposing liens against patients' primary residences in medical debt collection actions
- 2. Ban facility fees for preventive care.** S2521B – Rivera / A3470B – Gottfried would ban providers from charging separate overhead fees as a way around the ACA's prohibition on cost-sharing for preventive care
- 3. Reform Hospital Financial Aid Law (HFAL).** Patients are unable to access financial aid because HFAL is out of date, doesn't conform to ACA and is chaotically and improperly implemented by each hospital
 - **Solution:** One uniform statewide application form, modern ACA-consistent eligibility rules, extends short time frame for patients to apply.

How would the New York Health Act prevent medical debt for older New Yorkers?



- No more coverage gap pre-Medicare
- No more medical billing errors or piles of bills from each individual provider you interact with
- No more confusion about covered versus not covered services

Thank you!

For more information, please see Community Service Society Website:

- [*Discharged Into Debt: New York's Nonprofit Hospitals are Suing Patients*](#), March 2020
- [*Discharged Into Debt: A Pandemic Update*](#), January 2021
- [*Discharged Into Debt: Racial Disparities and Medical Debt in Albany County*](#), March 2018
- [*Unintended Consequences: How New York State Patients and Safety-Net Hospitals are Shortchanged*](#), by Carrie Tracy, Elisabeth Benjamin & Amanda Dunker, January 2018.

For help with medical bills and medical debt, call [Community Health Advocates](#) at: 888-614-5400.