

# Medical Debt and Hospital Financial Assistance

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March 21, 2023

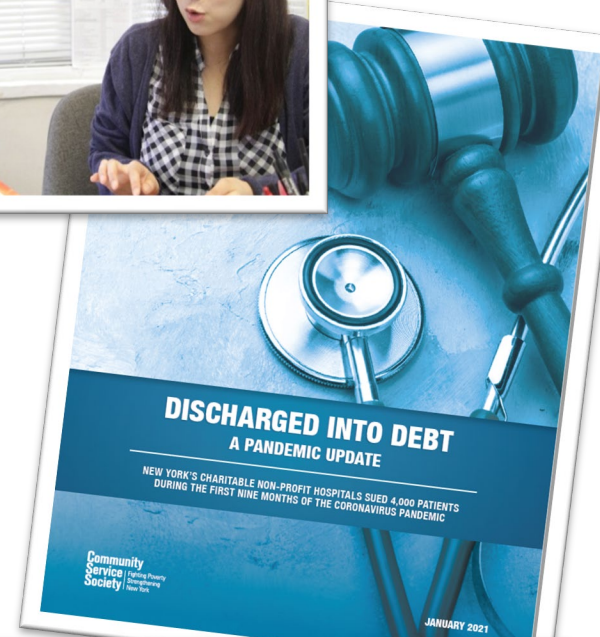
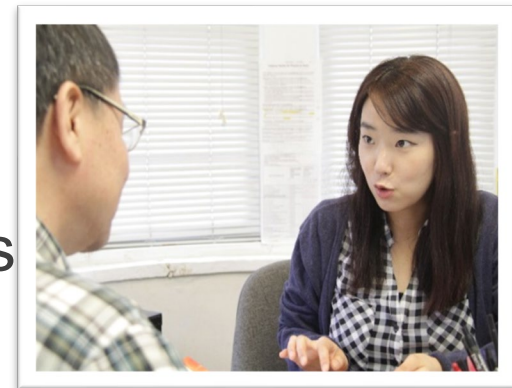


# Community Service Society

The Community Service Society of New York (CSS) works to promote **economic opportunity for New Yorkers**, centering our efforts on the voices and experiences of low-income communities and communities of color.

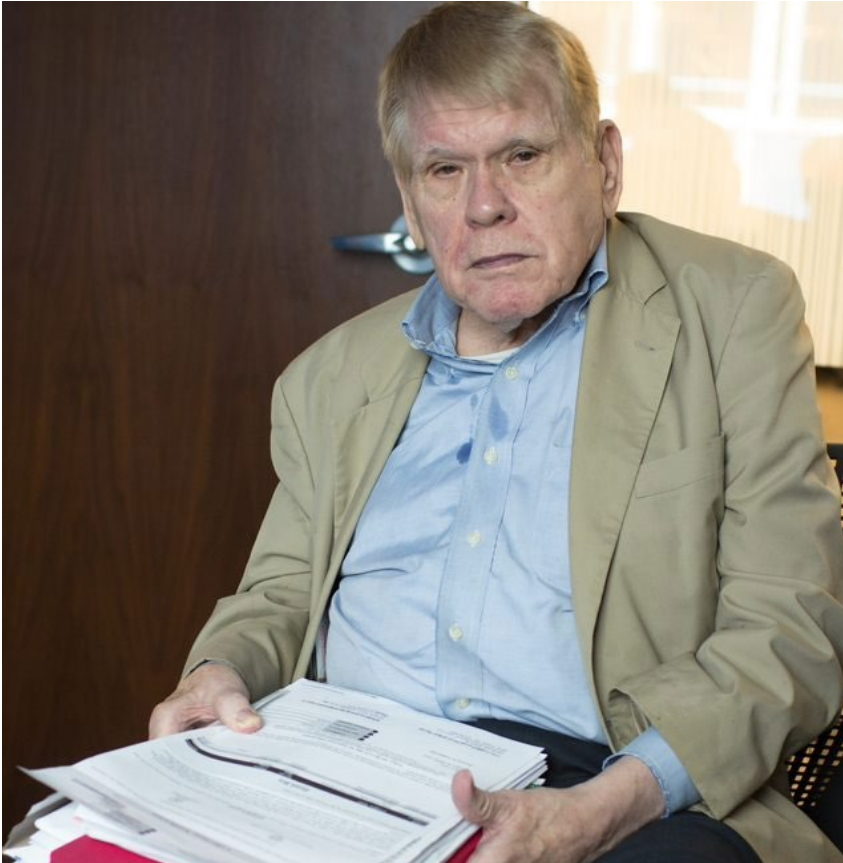
## CSS's 3-pronged health strategy:

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



# Medical debt in New York State

# John's Story



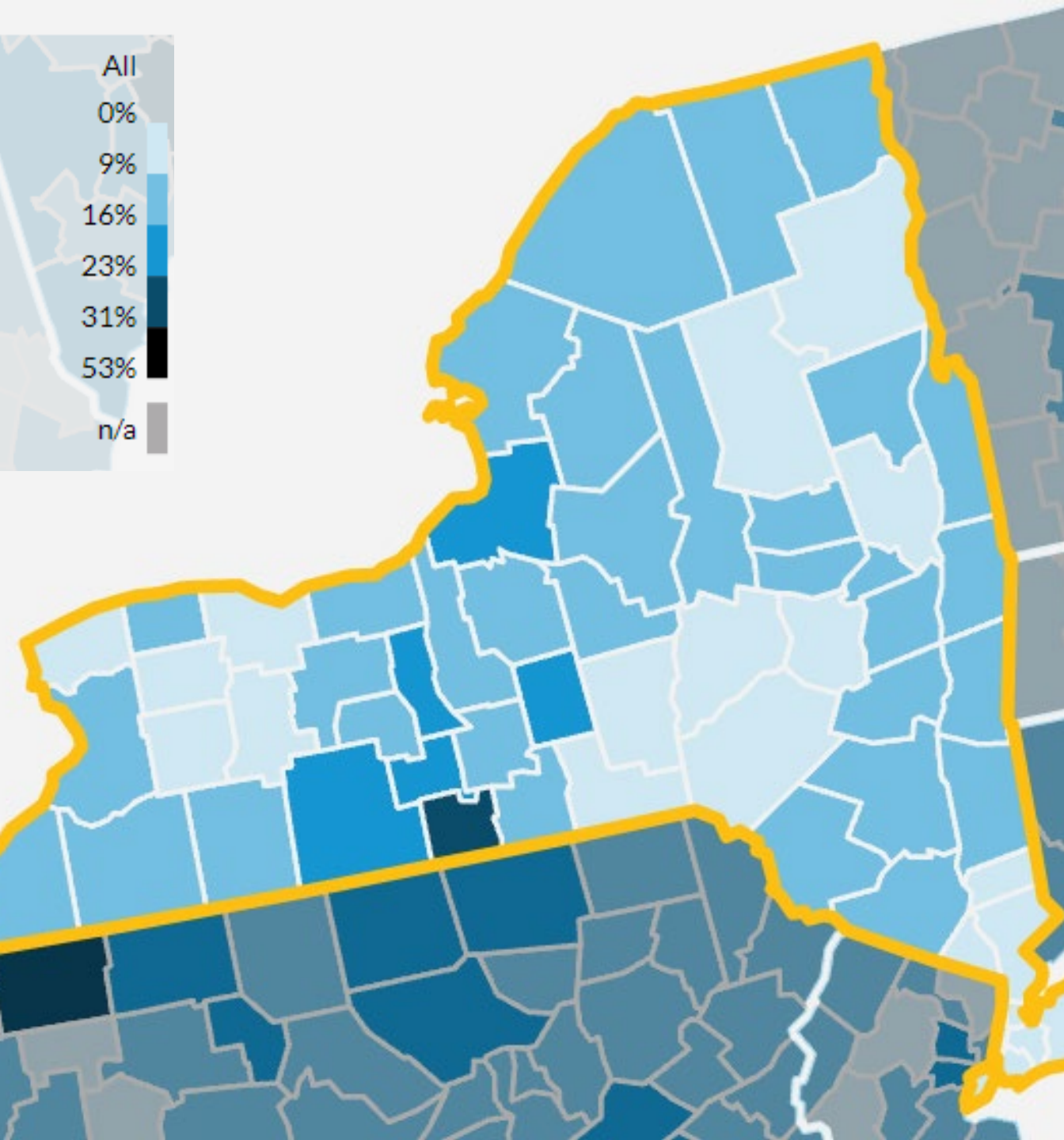
- Retired and enrolled in Medicare, unable to afford supplemental insurance
- Hospitalized after a heart attack in 2015, developed cancer in 2018. Received care at three different NYC hospitals and relied on ambulances for transportation because he could not pay for a cab and could not physically access 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
  - Delayed and avoided care

# New Yorkers Cannot Afford Health Care

- 59% of New York City residents (nearly all of whom were insured) reported cutting pills, not filling prescriptions, skipping tests or treatments, or not doing what their doctor told them to do because they could not afford to.
- 46% percent reported severe financial repercussions due to medical bills, including using up their savings; skipping meals or paying rent; and reported being in collections or having credit card debt. More city residents reported these problems than people in Long Island or the rest of the State.

Altarum Healthcare Value Hub, “New Yorkers Struggle to Afford High Healthcare Costs; Support a Range of Government Solutions Across Party Lines,” Data Brief No. 37, March 2019, <https://www.healthcarevaluehub.org/advocate-resources/publications/new-yorkers-struggle-afford-high-healthcare-costs-support-range-government-solutions-across-party-lines/>.

Altarum Healthcare Value Hub, “New York City Boroughs: 59% of Adults Experienced Healthcare Affordability Burdens in the Past Year,” Data Brief No. 38, March 2019, <https://www.healthcarevaluehub.org/advocate-resources/publications/new-york-city-boroughs-59-adults-experienced-healthcare-affordability-burdens-past-year>.



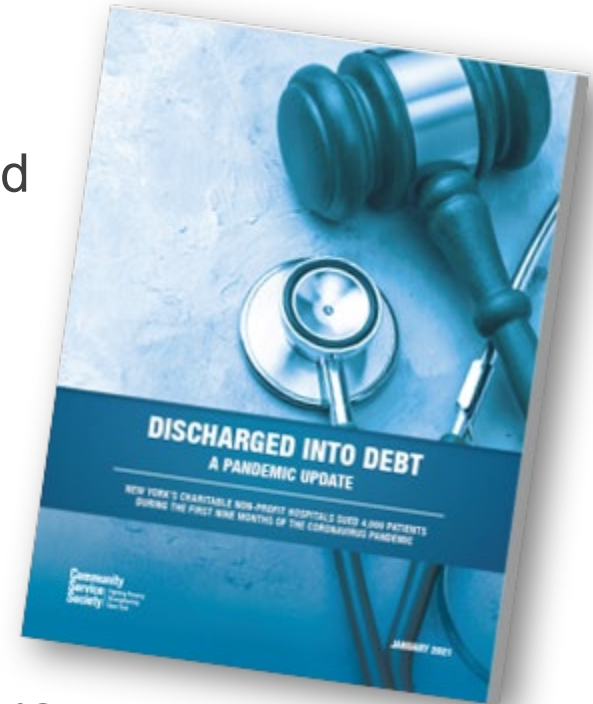
## New Yorkers are frequently put into collections over medical debt

County	Share with medical debt on credit reports
Chemung	26.7%
Oswego	18.9%
Seneca	15.3%
Schuyler	15.2%
Onondaga	14.2%
State	6%

Urban Institute, [Debt in America: An Interactive Map \(urban.org\)](https://www.urban.org/issue-brief/debt-in-america)

# All of New York's hospitals are non-profit, but they don't act like it!

- Over 53,000 New Yorkers sued between 2015-2020, lawsuits continued during the pandemic
  - Lawsuit hotspots include Fulton, Steuben, Broome, Onondaga, Albany, and Nassau Counties
  - Some hospitals never sue: doing so is a choice, not a necessity!
- Lawsuits are disproportionately filed in zip codes where people have low-incomes or where more people of color live
- These hospitals receive more of the \$1.1 billion state Indigent Care Pool funds than they provide in financial aid (windfall)



# Overall numbers mask racial disparities

## Share of residents with medical debt on their credit reports

County	White communities	Communities of color	Overall
Westchester	2.5%	7.9% (3x)	4.5%
Schenectady	7.3%	19.0% (2.6x)	8.6%
Onondaga	10.7%	26.4% (2.5x)	14.2%
Albany	6.1%	14.8% (2.4x)	7.5%
Erie	6.3%	15.4% (2.4x)	7.8%
Monroe	2.9%	6.9% (2.4x)	3.7%

People who live in communities where most residents are people of color are far more likely to have medical debt on their credit reports in many parts of the state

## Median medical debt on credit reports

County	White communities	Communities of color	Overall
Westchester	\$424	\$737	\$615
Albany	\$456	\$889	\$525

The amount of the debt is larger in communities of color

- Recently the federal gov. said that medical debt under \$500 may not be reported to credit agencies.
- In Westchester and Albany counties, most medical debt in white communities will no longer be reported because the median amount is under \$500. It will continue to get reported in communities of color because the median is over \$500.



# End Medical Debt Campaign 2022 wins

Wage garnishment/  
liens **S6522A / A7363**  
prohibits hospitals from  
imposing liens against  
patients' primary  
residences in medical debt  
collection actions

Facility fees **S2521C / A3470B**  
bans providers from charging  
separate overhead fees as a  
way around the ACA's  
prohibition on cost-sharing for  
preventive care

# Hospital Financial Assistance

# Uninsured in New York

	2023 (Projected)
Eligible to purchase Marketplace coverage, income at or above 200 percent of FPL	421,000
<ul style="list-style-type: none"> <li>• Subsidy Eligible (200 to 400 percent of FPL)</li> </ul>	259,000
<ul style="list-style-type: none"> <li>• Not Subsidy Eligible (above 400 percent of FPL)</li> </ul>	162,000
Eligible but unenrolled in <u>public coverage</u> , income below 200 percent of FPL	345,000
<u>Immigrants</u> currently ineligible for public or Marketplace coverage because of immigration status	245,000
<b>TOTAL</b>	<b>1,012,000</b>
<b>Note:</b> Sub-groups may not sum to total because of rounding.	

Source: CSSNY and Citizens Budget Commission, “Narrowing the Coverage Gap: Five Strategies to Increase Insurance Coverage in New York,” January 2022, <https://www.cssny.org/publications/entry/narrowing-new-yorks-health-insurance-coverage-gap>.

# Coverage disparities based on immigration status, race, and ethnicity

Citizenship Status	Percent Uninsured
Native-born	3.7%
Naturalized	4.8%
Not a citizen	19.9%

Race or Ethnicity	Percent Uninsured
White	3.3%
Black	6.0%
American Indian or Alaska Native	11.9%
Asian	6.5%
Hispanic or Latino, any race	10.1%

Source: United States Census Bureau, Selected Characteristics of Health Insurance Coverage in the United States (Table 22701), 2021 5-Year Estimates

# Hospital Financial Assistance Law

- 2006 Financial Assistance Law came after long fight for reform
  - Advocates documented many examples of patients who were denied care or financial assistance; most hospitals had no formal financial assistance policies
- Requires hospitals that take state ICP funding to:
  - Establish a formal financial assistance policy
  - Give discounts to uninsured patients who can't afford care
  - Follow strict rules for application procedures
  - Use fair collections procedures
- Additional reforms created new system of allocating indigent care funding (2008 – present)

# Who qualifies for HFAL?

- Patients who:
  - Are uninsured or have exhausted their benefits
  - Are unable to pay for services
  - Meet the income limits
  - Live within the hospital's geographic service area
- **No immigration status requirements**
- The hospital can consider some assets of very low-income patients



# Sliding Scale Discounts

If you qualify for financial assistance the hospital has to offer you a sliding scale discount:

Income level (\$ amount = family of three)	Charge
Below 100% FPL (\$24,860)	Nominal Charges
100% - 150% FPL (\$24,860 - \$37,290)	Up to 20% Standardized Charge (SC)
151% - 250% FPL (\$37,290 - \$62,150)	Between 20% and 100% SC
250% - 300% FPL (\$62,150 - \$74,580)	Up to 100% SC

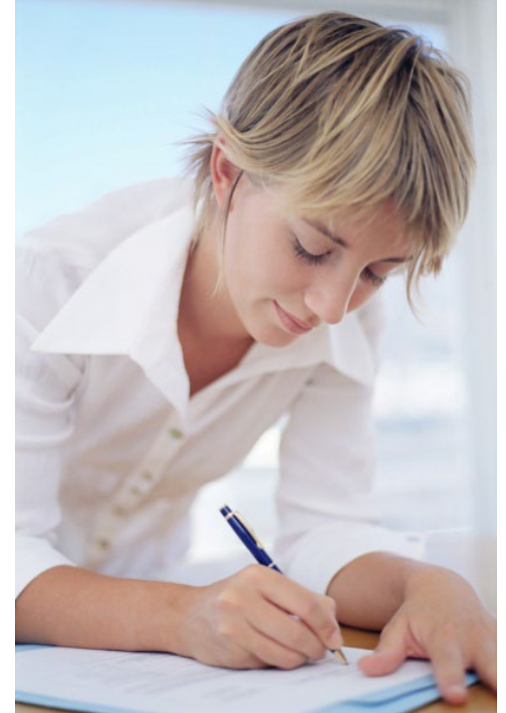
Nominal charges are set by the State. Some examples:

- Inpatient services - \$150/discharge
- Adult ER/Clinic services - \$15/visit
- Prenatal, labor & delivery, pediatric ER and clinic visit - no charge

# Applying for HFA

## The hospital must:

- Post application, summary, and policy on their website
- Have a process that is not unduly burdensome
- Include information about FA on bills and statements
- Help patients with the application
- Make it available in the primary languages served by the hospital
- Follow a minimum timeline
- Have an appeals process
- Let patients apply for FA at the same time as they apply for Medicaid





# Hospitals create unlawful barriers

Hospitals are not allowed to:

- Require a social security number
- Require tax returns or other IRS documentation
- Deny an application based on a credit score
- Forward an account to collections while an application is pending
- Consider assets of patients with income over 150% FPL
- Ask for information about a patient's monthly bills



# HFAL audit failed to fix problems

In 2018, CSS reviewed audit results and found the audit system needed improvements

1. Passing score was effectively 63% of all questions  
 DOH only based score on 40 of 52 audit questions  
 Hospitals only needed to score at least 80% on remaining 40 questions
2. Hospitals that passed weren't required to correct any errors
3. DOH based grades on the hospital's self-assessment without verifying
4. Lower audit scores were correlated with offering less assistance

2021 update: hospital scores getting worse!

## Non-Compliant Answers in Hospital Financial Assistance Law Audits

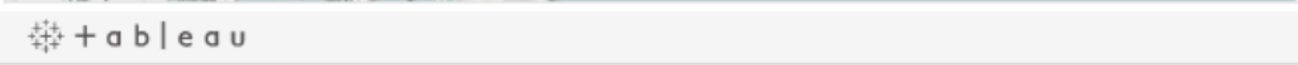
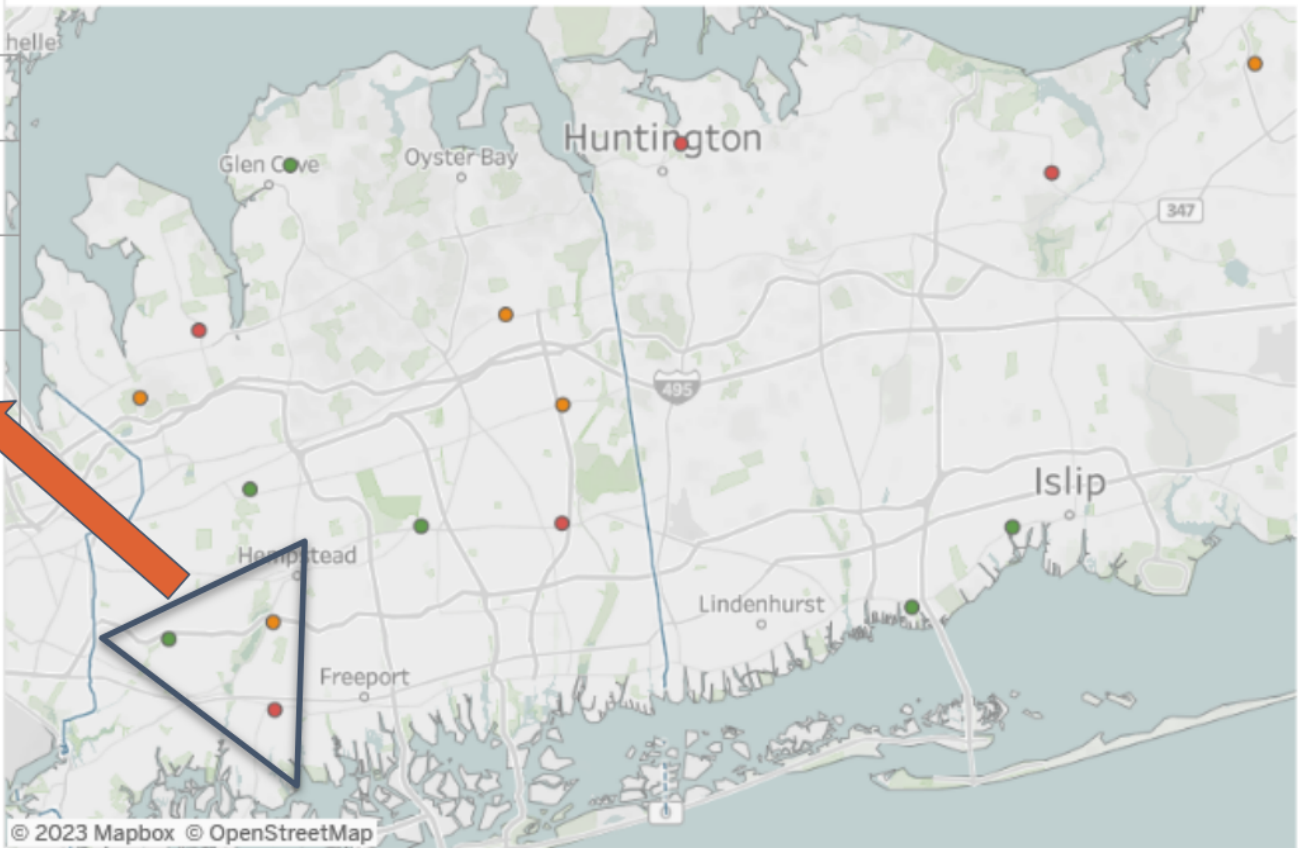
2012	2013	2014	2016-2017	2018	2019	2020	2021
857	556	497	360	447	360	447	379

Source: <https://hcfany.org/still-waiting/>



# Variation in Access to Financial Assistance

Hospital	Per Bed	Approval Rate
LIJ Valley Stream	\$11,701	59%
Mercy Hospital	\$6,271	99%
Mount Sinai South Nassau	\$2,343	75%



There is variation even within systems like Northwell—even though standardization is supposed to be one of the benefits of hospital consolidation

- Huntington and LIJ Valley Stream are both Northwell, but Huntington provides the least amount of financial assistance in Long Island (\$151 per bed)!

# Modernize Hospital Financial Assistance Law (S1366)

Makes it easier for patients to find out about, apply for, and receive hospital financial assistance.

- Adopt one common financial aid application and policy to be used by all 200 hospitals in New York state.
- Simplify the income rules to ensure that low-income and working people get fair discounts
- Increase eligibility to 600% to match ACA assistance levels
- Eliminate obsolete rules like having an asset test only for very low-income people.
- Provide patients more than just 90 days to apply and other debt collection protections.

# Bar Medical Debt From Credit Reports (S4907)

Currently medical debt over \$500 can be reported on credit reports.

- There's no fair way to set a limit
- Medical expenses are involuntary and out of patient's control
- Medical debt does not predict credit risk very well

# Get help!

If you have any questions about medical bills, call  
Community Health Advocates at:

**888-614-5400**

[www.communityhealthadvocates.org](http://www.communityhealthadvocates.org)

