



Memorandum in Support of S3057/A1538
The Patient Medical Debt Protection Act—Interest Rate Reform
April 2021

An Act to amend the civil procedure law to protect New Yorkers from unfair interest rates in medical collection cases

NYCD16 Indivisible, with more than 1000 members, considers healthcare equity and justice to be one of our major advocacy issues. As such, we strongly support **S3057/A1538**, which would protect patients from usurious interest rates when they are sued for medical debt.

Health care in New York is unaffordable and getting more so every day. According to data compiled by the Community Service Society of NY, over 50,000 patients statewide have been sued for medical debt by non-profit hospitals in the past five years. During the height of the COVID-19 pandemic, hospitals sued 4,000 patients, when the courts were effectively closed and patients were unable to go to court to defend themselves.

By law, New York State hospitals are not-for-profit institutions that do not pay state or local taxes. The state supports and encourages these non-profit hospitals to offer patients financial assistance and to cover their uncompensated care costs by providing them an annual \$1.1 billion in Indigent Care Pool funds. Despite this generous support, approximately half of New York's hospitals sue their patients for medical debt.

This bill would amend Section 5004 of the New York Civil Laws and Practice Rules, which allows hospitals to sue patients for a commercial 9 percent interest rate. This bill would amend Section 5004 to cap the interest rate that can be used in medical debt cases to the U.S. Treasury rate—which has been approximately 1 percent for many years.

This bill would help protect patients' economic security when they are sued.

For these reasons, NYCD16 Indivisible strongly urges the enactment of the Patient Medical Debt Protection Act (A1538/S3057).