



**NEW YORK CITY
DEPARTMENT OF HEALTH AND MENTAL HYGIENE**

Notice of Adoption of Chapter 38 of Title 24 of the Rules of the City of New York

In compliance with sections 389, 556 and 1043 of the New York City Charter, a notice of public hearing and opportunity to comment on the proposed rules to add a new Chapter 38 (Program to Cancel Medical Debt) to Title 24 of the Rules of the City of New York was published in the City Record on February 16, 2024, and a public hearing was held on March 18, 2024. One person testified at the hearing, and the same person submitted written comments on the proposed rule. In response to the comments received, changes indicated below were made to the proposed rule. The rule is now adopted.

Statement of Basis and Purpose of Rule

For thousands of residents of New York City, medical debt is an intractable problem with serious health consequences. People with medical debt often report making difficult sacrifices to pay down their medical debt, including cutting spending on essentials like food, clothing, or other basic household items. These sacrifices can lead to feelings of hopelessness. New Yorkers already face a mental health crisis following the years of fear and isolation from COVID-19. Outstanding debts add an additional layer of anxiety for New Yorkers struggling to get back on their feet. Individuals with health care debt also report skipping or delaying care or medications due to cost. Forgoing or delaying care can cause patients to become sicker and need more acute and expensive medical care in the future.

To help resolve the problem of medical debt for New Yorkers, City funds will be used to purchase medical debt from hospitals and other medical providers serving New Yorkers. Only “terminal bad debt” for which the provider has concluded the active collections process is eligible for purchase. The Department has allocated \$18 million of funding to a non-profit contractor that will purchase and extinguish approximately \$1.8 billion of medical debt over the next three years for hundreds of thousands of New Yorkers, located in all five boroughs, who meet the eligibility requirements set forth in this rule. Eligible New Yorkers do not need to apply to the program to benefit from medical debt cancellation, and not all eligible persons will have their debt canceled. Instead, the contractor will identify medical debt owed by eligible New Yorkers and negotiate with hospitals and other medical providers to buy such debt. Upon gaining title to such debt, the contractor will forgive the debt. Only debt owed by eligible New Yorkers to providers that reach an agreement with the contractor will be canceled. Debt owed to NYC Health + Hospitals and debt incurred for an ambulance transport provided by the Fire Department will not be purchased using Program funds.

Participation in the program will not cause income tax implications for individuals whose debt is extinguished, and collection of information will be HIPAA-compliant to maintain privacy. The program is intended to improve health outcomes for City residents who would otherwise suffer the adverse consequences of persistent medical debt.

The Department received comments both by oral testimony and in writing from one commenter. No other comments were received. The Department carefully considered the written and oral comments.

The written comment provided in part, “Hospitals should not be compensated through this program for medical bills that they should have forgiven under hospital financial assistance programs.” The rule has been amended to clarify that hospitals and other health care providers that participate in the program must confirm in writing that they are in compliance with applicable charity care laws. The Department also amended the rule to reflect that while hospitals and other health care providers from which debt is purchased must own debt of patients located in New York City, the providers themselves need not be located in New York City.

Statutory Authority

These rules are promulgated pursuant to the authority of the Department of Health and Mental Hygiene established in Charter sections 389, 556, and 1043.

The rules are as follows.

New material is underlined.

RESOLVED, that Title 24 of the rules of the city of New York is amended by adding a new Chapter 38 to read as follows:

Chapter 38

Program to Cancel Medical Debt

§ 38-01 Establishment of a Program to Cancel Medical Debt.

Select eligible persons will benefit from cancellation of their terminal bad medical debt pursuant to a program (the “Program”) administered on behalf of the City by a contractor. The Program will terminate once all moneys allocated for the Program have been disbursed, but no later than three years after commencement of the Program.

For the purposes of this chapter, the term “terminal bad medical debt” refers to medical debt that the hospital or other health care provider was unable to collect after completing its own collection process.

§ 38-02 Eligibility.

To be eligible for cancellation of medical debt, an individual must meet the following criteria:

(a) be a resident of New York City according to records of mailing address;

(b) have terminal bad medical debt incurred at a hospital or other health care provider, provided that such debt was not incurred at a hospital operated by the New York City health and hospitals corporation or for transport by an ambulance operated by the New York City fire department; and

(c) meet one of the following income criteria:

(1) The individual's annual modified adjusted gross household income does not exceed 400% of the federal poverty level as determined by the U.S. Department of Health and Human Services at the time eligibility is assessed; or

(2) The individual's annual modified adjusted gross household income exceeds 400% of the federal poverty level but is under 1000% of the federal poverty level as determined by the U.S. Department of Health and Human Services at the time eligibility is assessed, and such individual's medical debt equals or exceeds 5% of such individual's annual modified adjusted gross household income.

§ 38-03 Selection of beneficiaries.

There is no application to enroll in the Program. The contractor will enter into confidential agreements with hospitals and other health care providers that own medical debt of New Yorkers and attest in writing that they are in compliance with applicable charity care laws; the contractor will then identify debt owed by individuals who meet the eligibility criteria set forth in section 38-02. Not all eligible persons will receive cancellation of medical debt. Medical debt will be canceled only for patients who meet the eligibility criteria set forth in section 38-02 and whose information is shared with the contractor by hospitals and health care providers with whom the contractor contracts. Debt cancellation will occur under the Program only with respect to debt purchased by the contractor.

§ 38-04 Notification of beneficiaries.

The contractor will send written notification of debt cancellation by mail to the last known address on file of each patient who receives the benefit of debt cancellation.