



**Memorandum of Support for Fair Medical Debt Reporting Act (S.4907A/A.6275A)**

*An act to prohibit medical debt from being collected by a consumer reporting agency, or included in a consumer report, and prohibits medical service providers from reporting medical debt directly or indirectly to a consumer reporting agency.*

Empire Justice Center is a statewide, multi-issue, multi-strategy non-profit law firm focused on improving the “systems” within which poor and low-income families live. With a focus on poverty law, Empire Justice Center undertakes research and training, acts as an informational clearinghouse, and provides direct representation and support to local legal services programs and community-based organizations. As an advocacy organization, we engage in legislative and administrative advocacy on behalf of those harmed by poverty and discrimination. As a non-profit law firm, we provide legal assistance to those in need and undertake impact litigation in order to protect and defend the rights of disenfranchised New Yorkers. The health law team is dedicated to ensuring access to quality, affordable health coverage for all New Yorkers. Empire Justice Center strongly supports S.4907A/A.6275A, which would prohibit medical debt from being collected by a consumer reporting agency.

Medical debt is a serious issue affecting 100 million Americans (41% of the population). The problem disproportionately affects people of color: 28% of African Americans and 22% of Latinx people carry medical debt versus 17% of White people. Medical billing is both confusing and difficult to navigate. Pricing is opaque and insurance payments are bewildering. A New York poll shows that 41% of New Yorkers have either appealed a medical bill or paid one they didn’t think they owed for fear of being sued or placed into collections. Another 38% avoided care or sacrificed other necessities because of the cost of health care. This is not the healthcare system New Yorkers deserve.

After billing, providers or their collection entities often send unpaid accounts to third-party credit reporting agencies. These reporting agencies do not have access to provider and insurance records and make it difficult for patients—or their creditors—to either confirm the accuracy of their debt or to make corrections if there is a billing reporting error. The federal Consumer Financial Protection Bureau has concluded that medical debt is not predictive of a consumer’s credit risk. Billing issues represent a substantial portion of our work. ***We regularly see clients with illegitimate bills or incorrect copays.*** This includes clients who are already paying significant monthly premiums for their health insurance coverage. If these healthcare consumers are ineligible or otherwise unable to access legal services, they may not realize they are facing an *improper bill* or not be aware of what their options

June 13, 2023

are. Furthermore, even if a consumer is judgment- or credit-proof, their credit score and/or any future income or resources would be at risk.

Medical debt reporting has serious implications for patients; a bad credit record can make it impossible for a patient to rent a home, get a job, buy a car, or secure a loan for a home repair or educational opportunity. By contrast, it offers no benefits to providers – who never look at a patient’s credit score in advance of providing treatment.

While the credit reporting agencies have voluntarily agreed to not report medical debts below \$500, this does not protect patients in New York State, where health care prices are notoriously high and increasing quickly with inflation. In recognition of the need to further protect patients from medical debt reporting, the Consumer Financial Protection Bureau ruled in 2022 that state laws prohibiting medical debt reporting would not be preempted by federal collection laws. A similar bill has passed the Colorado state legislature, and is under consideration in Massachusetts, New Jersey, North Carolina and Oklahoma.

S.4907A/A.6275A protects patients from being punished for doing the right thing: taking care of their or their family members’ physical or mental health. This bill will help ensure that patients are able to secure the healthcare they need, without fear of facing financial ruin. For these reasons, Empire Justice Center supports S.4907A/A.6275A and urges the Legislature to enact it.

Alexia Mickles, Esq.  
Senior Attorney, Health Law Unit  
Empire Justice Center  
1 West Main St, Suite 200  
Rochester, NY 14614  
[amickles@empirejustice.org](mailto:amickles@empirejustice.org)  
(585) 295-5736

Fiona Wolfe, Esq.  
Managing Attorney, Health Law Unit  
Empire Justice Center  
1 West Main St, Suite 200  
Rochester, NY 14614  
[fwolfe@empirejustice.org](mailto:fwolfe@empirejustice.org)  
(585) 295-5804