



Legislation Text

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Res. No. 116

Resolution calling upon the New York State legislature to pass, and the Governor to sign, legislation that would establish the medical debt relief fund and allow taxpayers to make a donation to such fund on their personal tax returns.

By Council Members Hudson and Schulman

Whereas, Medical debt is any balance or amount owed after receiving medical services or goods, including amounts owed that have not been paid, have become delinquent, or have been sent to third-party collections; and

Whereas, According to the White House 2022 Fact Sheet, medical debt is now the largest source of debt in collections in the country-more than credit cards, utilities, and auto loans combined; and

Whereas, The Consumer Financial Protection Bureau (CFPB) states that the majority of debt in third-party collections in the United States, about 58 percent, comes from medical bills; and

Whereas, According to RIP Medical Debt, over 100 million adults across the United States struggle with healthcare debt, owing an estimated \$195 billion in medical debt combined; and

Whereas, A 2021 United States Census report on the burden of medical debt found that 19 percent of United States (U.S.) households are unable to pay their medical debt, owing a median of \$2000 per household; and

Whereas, Additionally, young adults, low-income households, people with some to no college education, people with disabilities, the uninsured, immigrants, Black and Hispanic communities, and families with minor children are disproportionately impacted and make up the bulk of the population with medical debt; and

Whereas, The National Library of Medicine found that black adults incur substantial medical debt compared to white adults, and more than 40 percent of this difference is mediated by health status, income, and insurance disparities; and

Whereas, According to Kaiser Health News (KHN), despite the landmark 2010 Affordable Care Act (ACA), which expanded insurance coverage to tens of millions of Americans, patient debt continues to rise as health insurers have shifted costs onto patients through higher deductibles, forcing working-class people to pay thousands of dollars in healthcare bills and leaving many vulnerable to medical debts and bankruptcy; and

Whereas, Public Citizen reports that every year more than 60 percent of all personal bankruptcies are caused by medical debt, as nearly 650,000 people are pushed into bankruptcy by medical bills; and

Whereas, According to CFPB, medical debt can lead people to avoid medical care, develop physical and mental health problems, and face adverse financial consequences like lawsuits, wage and bank account garnishment, home liens, and bankruptcy; and

Whereas, Furthermore, past-due medical debt reported to consumer reporting companies can appear on a person's credit report, which can lower their credit score and reduce their access to credit, making it harder for many to rent or buy necessities such as a home or car; and

Whereas, Data published by Community Service Society found that between 2015 and 2020, over 52,000 New Yorkers were sued by hospitals, and thousands of New Yorkers have had property liens placed on their homes or had their wages garnished because of medical debt; and

Whereas, To aid certain causes such as Alzheimer's, Firearm Violence Research, and Teen Health Education, the New York State Department of Taxation and Finance allows individuals to make voluntary contributions to various funds of their choice on their personal income tax return; and

Whereas, As of May 2023, there are 34 funds that New Yorkers can contribute to on their personal income tax through completing Form IT-227; and

Whereas, Creating such a fund for medical debt would help New Yorkers access the healthcare they

need without being pushed into medical debt related bankruptcy; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State legislature to pass, and the Governor to sign, legislation that would establish the medical debt relief fund and allow taxpayers to make a donation to such a fund on their personal tax returns

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