



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

Notice of Public Hearing and Opportunity to Comment on Proposed Rules

What are we proposing? The New York City Department of Health and Mental Hygiene (the “Department”) is proposing to add a new Chapter 38 (Program to Cancel Medical Debt) to Title 24 of the Rules of the City of New York to establish a program to cancel medical debt. The program will be administered by a third party who will confidentially negotiate with hospitals and other medical providers to define a pool of patients with medical debt to whom the Department’s eligibility criteria will apply. The debt of select eligible patients from the defined pool will be canceled.

When and where is the hearing? The Department will hold a public hearing on the proposed rule. The public hearing will take place from 10:00 am until 12:00 pm on Monday, March 18, 2024. The hearing will be conducted by video conference accessible via internet or telephone:

- **Internet.** To participate in the public hearing, enter to register at this Webex URL: <https://nycdohmh.webex.com/nycdohmh/j.php?MTID=mc8c3424ad1b89f96f4021ba63000e7b3>

If prompted to provide an event number or password, please enter the following:

Event number: **2342 184 4835**, Password: **Health** (432584 from phones)

- **Phone:** For access, dial: (646) 992-2010 or (408) 418-9388; then please enter the following Access Code: **234 218 44835**.

How do I comment on the proposed rules? Anyone can comment on the proposed rules by:

- **Website.** You can submit comments online to the Department through the NYC rules website at <http://rules.cityofnewyork.us>.
- **Email.** You may email comments to resolutioncomments@health.nyc.gov
- **Mail.** You can mail comments to:

New York City Department of Health and Mental Hygiene
Gotham Center, 42-09 28th Street, CN 31
Long Island City, NY 11101-4132

- **Fax.** You may fax comments to the Department at 347-396-6087.
- **By speaking at the hearing.** Anyone who wants to comment on the proposed rule at the public hearing must sign up to speak. You can sign up before the hearing by calling Svetlana Burdeynik at 347-396-6078 or via email resolutioncomments@health.nyc.gov. You can also sign up at the hearing before the hearing begins on March 18, 2024. You can speak for up to three minutes.

Is there a deadline to submit written comments? Written comments must be received by 5:00 pm (EST) on the date of the hearing.

What if I need assistance to participate in the hearing? You must tell the Office of General Counsel if you need a reasonable accommodation of a disability at the hearing. You must tell us if

you need a sign language interpreter. You can tell us by mail at the address given above. You may also tell us by telephone at 347-396-6078. Advance notice is requested to allow sufficient time to arrange the accommodation. Please tell us by two weeks before the hearing.

Can I review the comments made on the proposed rules? You can review the comments made online on the proposed rules by going to the website at <http://rules.cityofnewyork.us/>. A few days after the hearing, a transcript of the hearing and copies of the written comments will be available for review by the public at the Department’s Office of the Secretary.

What authorizes the Department to make this amendment? Section 389(b) of the New York City Charter provides that “heads of mayoral agencies shall have the power to adopt rules to carry out the powers and duties delegated to the agency head or the agency by or pursuant to federal, state or local law.” Section 1043(a) of the Charter similarly provides that each “agency is empowered to adopt rules necessary to carry out the powers and duties delegated to it by or pursuant to federal, state or local law.”

Where can I find the Department rules and the Health Code? The Department’s rules and the Health Code are located in Title 24 of the Rules of the City of New York.

What laws govern the rulemaking process? The Department must satisfy the requirements of Section 1043 of the Charter when adding or amending rules. This notice is made according to the requirements of Section 1043(b) of the Charter. These changes were not included in the Department’s regulatory agenda because they were not contemplated at that time.

Statement of Basis and Purpose of Proposed 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 New York City hospitals and other medical providers. 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 up to \$2 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 proposed 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 eligible New Yorkers and negotiate with hospitals and other medical providers to buy unpaid medical debt owed by eligible persons

who owe money to such hospitals or providers and whose information such hospitals or providers share with the contractor. Upon gaining title to such debt, the contractor will forgive the debt. Debt owed to NYC Health + Hospitals and debt incurred for an ambulance transport provided by the Fire Department will not be included in the Program.

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.

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 proposed 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 efforts 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 located in the City, 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 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 in the City that own medical debt of patients and will identify 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.

**NEW YORK CITY LAW DEPARTMENT
DIVISION OF LEGAL COUNSEL
100 CHURCH STREET
NEW YORK, NY 10007
212-356-4028**

**CERTIFICATION PURSUANT TO
CHARTER §1043(d)**

RULE TITLE: Rules Relating to Cancellation of Medical Debt

REFERENCE NUMBER: 2023 RG 108

RULEMAKING AGENCY: Department of Health and Mental Hygiene

I certify that this office has reviewed the above-referenced proposed rule as required by section 1043(d) of the New York City Charter, and that the above-referenced proposed rule:

- (i) is drafted so as to accomplish the purpose of the authorizing provisions of law;
- (ii) is not in conflict with other applicable rules;
- (iii) to the extent practicable and appropriate, is narrowly drawn to achieve its stated purpose; and
- (iv) to the extent practicable and appropriate, contains a statement of basis and purpose that provides a clear explanation of the rule and the requirements imposed by the rule.

/s/ STEVEN GOULDEN
Senior Counsel

Date: February 8, 2024

**NEW YORK CITY MAYOR’S OFFICE OF OPERATIONS
253 BROADWAY, 10th FLOOR
NEW YORK, NY 10007
212-788-1400**

**CERTIFICATION / ANALYSIS
PURSUANT TO CHARTER SECTION 1043(d)**

RULE TITLE: Rules Relating to Cancellation of Medical Debt

REFERENCE NUMBER: DOHMH-139

RULEMAKING AGENCY: Department of Health and Mental Hygiene

I certify that this office has analyzed the proposed rule referenced above as required by Section 1043(d) of the New York City Charter, and that the proposed rule referenced above:

- (i) Is understandable and written in plain language for the discrete regulated community or communities;
- (ii) Minimizes compliance costs for the discrete regulated community or communities consistent with achieving the stated purpose of the rule; and
- (iii) Does not provide a cure period because it does not establish a violation, modification of a violation, or modification of the penalties associated with a violation.

/s/ Francisco X. Navarro
Mayor’s Office of Operations

February 9, 2024
Date