

# Managing Medical Debt

## Medical Debt in Collections

1. Collection calls or mail about a medical debt from the doctor/medical provider's office:

a. **Billing Error:**

- Dispute bill with your health care provider by sending them a written dispute letter (certified & return receipt) and request an itemized bill.
- Ensure that your health care provider has all necessary insurance information and that claims were sent to insurance plans in the proper order and on time. (**Note:** Medicaid pays last & will reject a claim submitted prior to going to other providers).

b. **Covered by private insurance/Medicaid but billed anyway:**

- Medicaid doctors must not bill patient directly. They must bill Medicaid. Inform your provider that they should bill your insurance company or Medicaid (see letter example on back of fact sheet)
- Call your insurance provider or Medicaid to confirm active benefits on service date and all necessary paperwork was received
- If Medicaid was active and you are still being billed directly, call NYS Department of Health's complaint line: 1-(800)-804-5447 OR call the Legal Aid Society's helpline at (212)-577-3575

**Note:** if your doctor is out of network, the bill may be charged to you with the understanding that you will submit the claim yourself.

2. Collections by a Collection Agency

- Send a written dispute letter asking the agency for verification under the FDCPA and the NYC Admin Code § 20-493.2
- If you are being harassed by a collection agency, consider reporting them to NYC Department of Consumer Affairs. See our helpful Fact Sheet on Fair Debt collection.
- Request that the collection agency stop from proceeding to court while the debt is being investigated.
- Contact the hospital or the doctor to explain the dispute. If it is a coverage issue, try to have documentation pertaining to the status of insurance on the

dates they received medical care.

- Request all claims be submitted if they haven't already.

## Medical Debt in Litigation

1. For a lawsuit to begin, you must be served with the Summons & Complaint.
2. If you receive these papers, *do not ignore them*. At this point, you must file an Answer at the court.
3. Listed below are possible defenses that you can bring up in your Answer as to why you don't owe all or part of the debt (and in the case of a default judgment, did not appear for the first court date).

### a. General Consumer Debt Defenses

- No personal jurisdiction
- Statute of limitations has passed
- Not the original creditor
- Identity theft
- Don't owe the debt
- Dispute the amount of the debt if:
  - bill is incorrect
  - bill is partially paid
  - active insurance coverage at the time
  - multiple insurers who were not billed in the proper order

### b. Medicaid/Emergency Medicaid Defenses

- Hospital failed to determine Medicaid eligibility
- Hospital failed to bill Medicaid

### c. Other Medical Defenses

- I was pressured or forced to sign a contract
- Consumer never billed by health care provider and had no way to know that there was an outstanding debt from the treatment they received
- Malpractice
- Health care provider failed to collect insurance payments due to negligence
- Breach of duty of good faith and fair dealing
  - billed for services/goods never received.
- Bill unreasonable compared to area hospitals

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## **Financial Assistance from the Hospital**

Limits the amount hospitals can charge uninsured patients.

- For Individuals with income that is less than 300% of the Federal Poverty Line are automatically eligible for hospital financial assistance in the hospital's primary service area.
- Applications for financial assistance should be readily available, but if you don't see them, make sure to ask.

## **Hospital Financial Assistance Defenses**

- Hospital didn't reduce my charges even though I have no insurance or my income is below a certain level
- Hospital did not offer me an installment plan even though my income is below a certain amount
- Hospital did not notify me that financial assistance was available or in a language I didn't understand
- My financial assistance application was pending, but hospital sent my debt to a collection agency anyways
- I had or was eligible for Medicaid and the hospital sent my debt to a collection agency (\*\*hospital is required to give you 30 days notice before referring your debt to collection agency)

- Collection agency failed to follow hospital's financial aid policy
- Collection agency sued me without the written consent of the hospital

\*\*\*These defenses can only be used for services provided by a hospital or provider directly employed by a hospital

If a hospital does not comply with the Hospital Financial Assistance Law, a complaint should be made to the Centralized Complaint Hotline of the NY State Department of Health at:

- (800) 804-5447

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## **Sample Dispute Letter**

[Name of Person at Hospital or Collection Agency]

[Name of Hospital]

[Street Address of Hospital or Collection Agency]

Patient Name: \_\_\_\_\_

Patient Account Number: \_\_\_\_\_

Date of Medical Service (Month/Day/Year): \_\_\_\_\_

Dear Mr./Ms. :

I write to request your full and thorough review of my account. Your balance due notice indicates that I owe \$[ ] on the account. I do not believe the balance due to be a reasonable price for the services rendered.

I am submitting this letter under the federal Fair Debt Collection Practices Act ("Act") to serve as written notification of the following:

- (1) I demand full and complete compliance with requirements of the Act and the New York Public Health Law 2807-k (9-a), and any similar or related state laws, and will, if necessary, pursue all available remedies and relief provided by law;
- (2) I deny and dispute any amounts that you allege that I owe to [Name of Hospital] and specifically deny that I owe any amounts for the fees, costs, and expenses of medical supplies, services, diagnosis, or treatment in excess of the amount charged to Medicaid, Medicare, or the highest volume payer;
- (3) I demand that you do not contact me any further, except as expressly permitted by law, at my home or place of employment regarding this disputed debt.

Sincerely,

[Your name]

**CDP-Urban Justice Center**

123 William St. 16th floor

New York, NY 10038

Tel: 646-602-5200

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