



# DIY For Negotiating Medical Debt

Here are some tips to avoid or reduce your medical debt:

## 1. Is there a bill?

It is important to identify whether you are actually being billed or you received an explanation of benefits (EOB) from your insurance company. An insurance company does not bill you. Once you determine that you have a bill, you should next identify whether it is from a *debt collector* or directly from the hospital, lab, or doctors' office.

## 2. What is the Bill For?

Look at the date of service and the type of services provided. Did you receive this service? Do you think it should have been paid by your insurance? If you receive a bill from your doctor but believe that your *health insurance plan* should pay, look at your Explanation of Benefits for the reason your insurance did not pay. If you think that your insurance company was incorrect, you have the right to appeal. Be aware of strict appeal timelines.

## 3. Who is the bill from?

Once you determine that the debt is valid (that you owe the amount billed), identify who the bill is from. If the bill is from a hospital and you have limited income, you may be eligible for Hospital Financial Assistance under New York State law. If your income is less than 300% of the Federal Poverty level (in 2020 that is \$38,280 for a single person; \$78,600 for a family of four), you should ask to apply Hospital Financial Assistance. If you were eligible for Medicaid at the time of your hospitalization you should not owe anything. Request an application for financial assistance (commonly referred to as "Charity Care") from the Hospital billing department immediately.

Note: The Hospital Financial Assistance Law only apply to hospital bills, not bills from private doctors. See negotiation below, for negotiating with doctors.

## 4. Negotiating with a Doctor/Lab/Hospital (if not eligible for Hospital Financial Assistance):

Once you have determined that you are responsible for the debt, follow these negotiation tactics below. Many providers are willing to negotiate the debt.

If a doctor is billing you:

- Look up the "fair market price" for the service you received. This is the amount that doctors regularly charge in your area. You can find the fair market price at: [Fairhealthconsumer.org](https://www.fairhealthconsumer.org).
- With that information, you can call your doctor or their billing department about the cost of care you received, to explain your financial situation, and ask for a discount. If you are living on a fixed income or a low income, or if there are other factors that make it difficult to pay, you should ask the doctor if you can write

a letter of *financial hardship*. An example is enclosed. You *may* want to include copies of the following financial information:

- Your most recent tax returns or proof of income. If your most recent tax returns do not appropriately reflect your income, also include your four most recent pay stubs.
- Bank statements: checking and savings accounts
- Credit card statements
- Personal/student loans that you owe
- Proof of other outstanding financial obligations
- Tell your doctor or the billing representative how much you can pay and how often you can pay it. If they ask for more money or more frequent payments, explain that you are unable to do it. Ask them to write up a payment agreement that you can afford. Make sure that you make your payments on time.
- You can also offer a lump sum payment, for a much lower settlement amount. For example, if your bill is \$1000, and they ask you to pay \$100 per month, consider whether you can pay one large amount, like \$500, to settle the full debt.

**5. Negotiating with a Debt Collector:** If you are being billed by a debt collector, you have special rights under the law, but you also need to be aware that you can be sued for your debts.

Before negotiating, take these steps:

- (1) Ask to whom you owe the money. Is the debt collector collecting a debt owed to them or to a third party? Have they purchased the debt from a third party? Knowing this information will help you understand how to negotiate.
- (2) Ask the debt collector to provide verification of the debt; this requires the debt collector to confirm that you are the right person to collect from and requires them to provide documentation.
- (3) Review the verification to determine if the debt is yours, and if you are unable to determine the validity of the debt, request more documentation. If the debt collector cannot verify the debt is yours, deny the debt is yours.

Negotiating Your Debt

- After you verify that the debt is valid. Use these strategies to lessen your liability:
  - Think about the absolute maximum amount that you can pay.
  - Come up with a very low number to start the negotiations (for instance, if your debt is \$1000 and you can afford to pay up to \$500, maybe start by offering \$200)
  - If the debt collector has purchased the debt from the provider, you can offer to pay a lump sum (for even as low 10% of the total debt). If the debtor is not the debt collector (they are often law firms in these instances) then they will be more resistant to negotiation but will often settle for approximately 50-80% of the debt. Always begin the debt negotiations at the lowest reasonable level.
  - Offer to pay a lump sum as opposed to payment plans. Debt collectors will negotiate for a lower sum if you pay in total.

- **ALWAYS GET NEGOTIATED SETTLEMENTS IN WRITING**

End communication

- If a debt collector fails to do any of the preceding steps (1-3 above), you have the right to end communication with them. To do this, simply write them a letter detailing (1) what you asked them for, (2) that they have not complied, and (3) that they should stop contacting you.
- Mail the copy of the letter certified mail and keep a copy. If the debt collector attempts to contact you, you may wish to contact an attorney or legal assistance group that helps with Fair Debt Collections Practices. You can find these groups on <http://www.lawhelpny.org>.
- BE AWARE, sending this letter may result in the debt collector filing a lawsuit against you for the debt. This is the unavoidable result of termination of contact with a debt collector. If you are sued, you may wish to contact an attorney or legal aid group.
- **KNOW YOUR RIGHTS:** A debt collector (anyone trying to collect a debt including attorneys) may not do the following:
  - a. Threaten you
  - b. Call you repeatedly with the intent to harass
  - c. Call you earlier than 8 am or after 9 pm
  - d. Use profane or abusive language
- **A debt collector must**
  - a. identify themselves as debt collectors and inform you that any information they obtain will be used to collect the debt (this is known as the Mini-Miranda Warning)
  - b. If a debt collector violates these rules, they are liable for civil penalties, and you may wish to contact an attorney or legal aid group.

**\*\* Sample Letter of Financial Hardship\*\***

Date

Provider Name  
Provider Address

Re: *Your Name*

Account No.: *Billing Account Number*

Amount: *Amount You Owe*

Date of Service:

To Whom It May Concern:

I am writing to negotiate the above medical bills because I am unable to pay the amount requested. Pursuing me for these bills will force me (and my family) into further financial hardship.

*This is where you explain your current financial situation and why you are unable to pay. Things to include in this section: your employment status, the employment status of any adults living in your home, your household size, and current financial obligations. Also include Fair Health's estimate of costs from [Fairhealthconsumer.org](http://Fairhealthconsumer.org).*

Sincerely,  
*Your Name*