



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

1. Is there a bill?

- Did you receive an actual bill or an Explanation of Benefits (EOB) from your insurance company? An insurance company does not bill you for medical care.
- If it is a bill, identify whether it is from a *debt collector* or directly from the hospital, lab or doctor's 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, but you must act quickly! Appeals have strict deadlines.

3. Who is the bill from?

- Once you determine 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.¹
- 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 applies 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.

- Look up the “fair market price” at fairhealthconsumer.org This is the amount that doctors regularly charge in your area for the service you received.
- With the fair market price in hand, call your doctor or their billing department about the cost of care you received, 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, ask the doctor if you can write a letter of *financial hardship*. An example letter is enclosed.
 - You *may* want to include copies of the following information with this letter:
 - Your most recent tax returns or proof of income. If recent tax returns do not appropriately reflect your income, include four recent pay stubs.
 - Bank statements: checking and savings accounts.
 - Credit cards statements
 - Personal/student loans that you owe
 - Proof of other outstanding financial obligations
- Tell your doctor or their billing representative what amount you can pay towards the bill, and how often you can make this payment
 - If they ask for more money or more frequent payments, explain what you are able to pay. Only agree to a payment agreement that you can afford.
 - If you enter a payment plan, be sure to make your payments on time.
- If you are able, you can offer a lump sum payment for a much lower settlement amount, sometimes as much as 50% of the original bill.

For example, if your bill is \$1000, ask if you can offer to pay \$500 to settle the debt in full.

- Your medical provider cannot report the debt to a credit agency, regardless of how your negotiations go. Find more information using [CHA’s one-pager on the Fair Medical Debt Reporting Act](#).

5. Negotiating with a Debt Collector

If you are being billed by a debt collector, you have special rights under the law. However, you also need to be aware that you can be sued for your debts.

Steps to follow:

- A) **Check that the debt collection agency is licensed**
 - In NYC, call 311 or search at nyc.gov/dca. Outside NYC, call 212-NEW-YORK. Unlicensed agencies may not collect a debt from NYS consumers.
- B) **Request a verification of the debt**
 - Asking for verification of the debt requires them to provide a validation notice
 - Creditors or third party debt collectors must provide you with a validation notice within 5 days of the initial communication to collect the debt.

- A validation notice should list the exact amounts owed and for what medical services in the form of an itemized bill from the provider as well as:
 - Name of the provider to which the debt was originally owed
 - Amount of the debt
 - Information about your right to dispute the debt.
 - If provider assigned, sold or transferred the debt to the debt collector
 - disclosure if the statute of limitations on the debt expired
- If the debt collector does not comply with your request, you can file a complaint against them in NYC with the [Department of Consumer and Worker Protection](#) (formerly Department of Consumer Affairs) or outside of NYC with the [Department of Financial Services](#)

C) Review the verification to determine the debt is yours

- If you are unable to determine the validity of the debt, request more documentation.
- A debt collector must cease contact with a consumer once debt has been disputed in writing until they provide information supporting their claim to the debt

D) Request Substantiation of the debt

- Submit a letter requesting substantiation – here is a [sample from DFS](#)
- The debt collection agency should respond listing exact amounts owed and for what medical services in an itemized bill from the original provider.
- If provider assigned, sold or transferred the debt to the debt collector, substantiation should provide proof of this.
- Keep record of the date the substantiation request is sent, the debt collector has 60 days to comply after receiving the request.
- If the agency does not provide substantiation within the required timeframe, file a complaint with the [Department of Consumer and Worker Protection](#) (formerly Department of Consumer Affairs) or the [Department of Financial Services](#)

E) Check the statute of limitations

- If the debt is past the statute of limitations, a debt collector is prohibited from taking legal action against you or threatening to do so.
- Statute of Limitations in New York State
 - Lawsuits to collect medical debts that arose in NY prior to April 3, 2020, will typically fall under a 6-year time limit.
 - Lawsuits to collect medical debts that arose in NY on or after April 3, 2020, will typically fall under a 3-year time limit.

6. Ending communication with a Debt Collector

- If a debt collector fails to substantiate your debt, 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 still 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 ending contact with a debt collector. If you are sued, you may wish to contact an attorney or legal aid group.

7. Negotiating Your Debt with a Debt Collections Agency

- After you verify that the debt is valid. Use these strategies to lessen your liability:
 - 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, 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 little 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.
 - Whenever possible, 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!

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
- e) Call you at your place of work
- f) Communicate directly with you if you are represented by an attorney unless your attorney fails to respond or gives consent to communicate directly with you

A debt collector must:

- a) Identify themselves and inform you that any information they obtain will be used to collect the debt (this is known as the Mini-Miranda Warning)
- b) Provide an option to opt out if they communicate or attempt to communicate with the consumer via email or text message.

- c) Not communicate with anyone else other than the consumer or their attorney, a consumer reporting agency, the creditor or its attorney, or the debt collector's attorney
- d) 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.

If you believe you are being sued for a medical debt, find more information on responding to the lawsuit and related consumer protections using [CHA's Medical Debt Lawsuit DIY](#) and [one-pager on the banning of wage garnishments & liens in medical debt court cases](#).

Call Community Health Advocates if you need help resolving a medical debt at: 888-614-5400.

**** 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.

Sincerely,

Your Name