

Predatory Medical Billing in New York
New York Hospitals Sue Patients for Unpaid Medical Bills

Johns Hopkins University
2020

Executive Summary

- 51 of the 261 (20%) New York hospitals filed a total of **18,200** medical debt lawsuits between January 2018 and December 15th, 2020.
- The hospitals with the most lawsuits were **Long Island Jewish Medical Center**, suing **2,011** patients, **North Shore University Hospital**, suing **1,937** patients, **NYU Winthrop Hospital** suing **1,744** patients, and **Crouse Hospital** suing **1,744** patients.
- **53%** of all New York hospital lawsuits against patients were filed by one health system, **Northwell Health**.
- Of the 51 hospitals that sued, **94% (48/51)** were **non-profit** hospitals.
- **85%** of all New York hospital lawsuits against patients were filed by **5 hospital systems**: Northwell Health (9,637), Guthrie Healthcare System (1,680), New York University Langone (1,752), NewYork-Presbyterian (1,448), and St. Peter's Health System (902).

Background

The increasing cost of medical care and the burden of medical debt are significant contributors to financial toxicity in the United States. One in four Americans is deliberately [avoiding](#)¹ necessary medical treatment in anticipation of its high costs. Nearly half of Americans are worried that a major health issue could trigger a catastrophic financial hardship, potentially resulting in bankruptcy. One in five Americans has delayed purchasing essential medicines due to costs. When these patients do receive care and treatments, many are unable to pay because of the high costs. In an effort to collect medical debt, hospitals have been known to employ aggressive tactics such as pursuing lawsuits, garnishing their wages, and placing liens on homes and personal property. Researchers and media coverage have identified this growing trend of hospitals suing patients for unpaid medical bills, namely in the states of [Virginia](#)², [Texas](#)³, [New Mexico](#)⁴, and [Wisconsin](#)⁵. New York hospitals are no exception to this practice, not even during the COVID-19 pandemic.

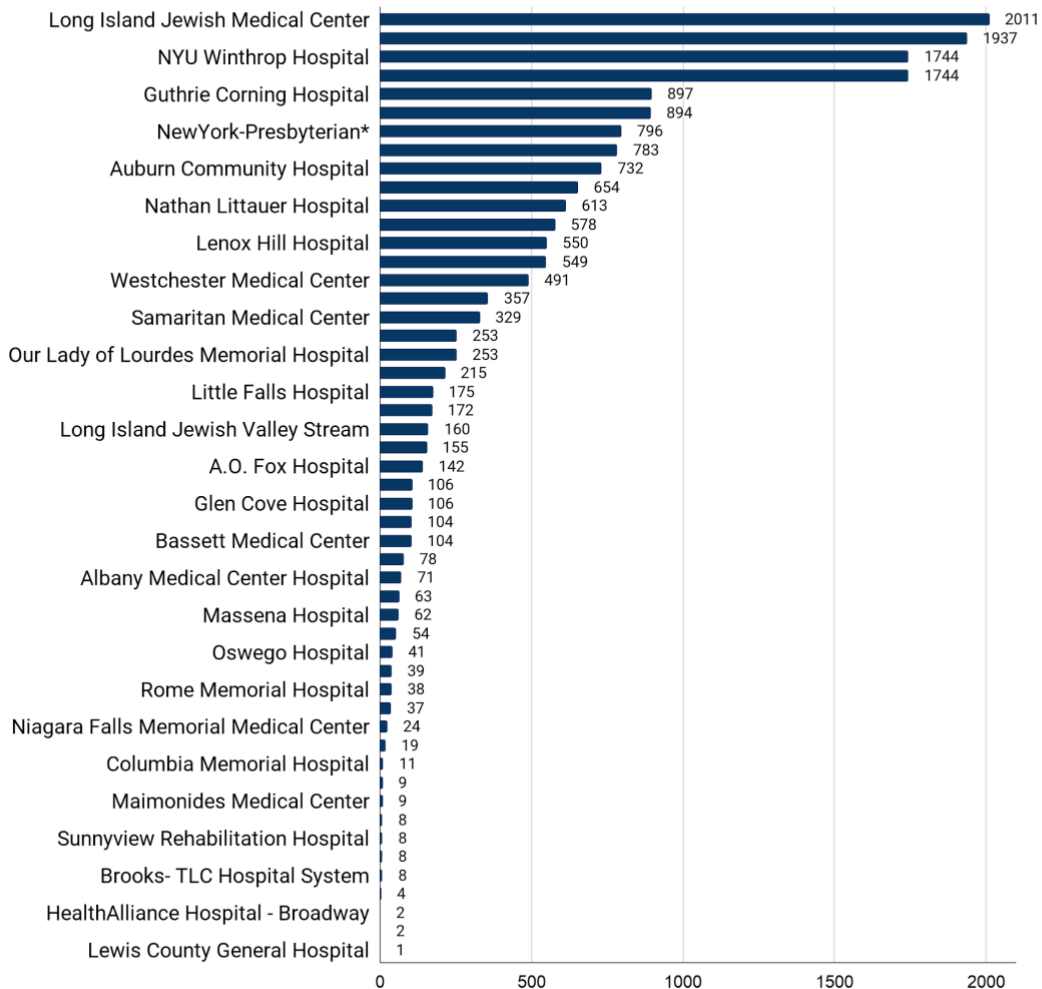
Report Findings

Overview

Our report highlights findings from an analysis of hospitals in the state of New York between January 1st, 2018, and December 15th, 2020. During this interval, 51 New York hospitals from 21 health systems sued 18,200 of their patients for unpaid medical bills (Figure 1). 94% of hospitals that sued patients were non-profit institutions (Figure 2). 85% of hospitals that sued patients belonged to just five health systems. Among these health systems were Northwell Health, New York University Langone Health, Guthrie Healthcare System, NewYork-Presbyterian Health System, and St. Peter's Health System (Figure 3).

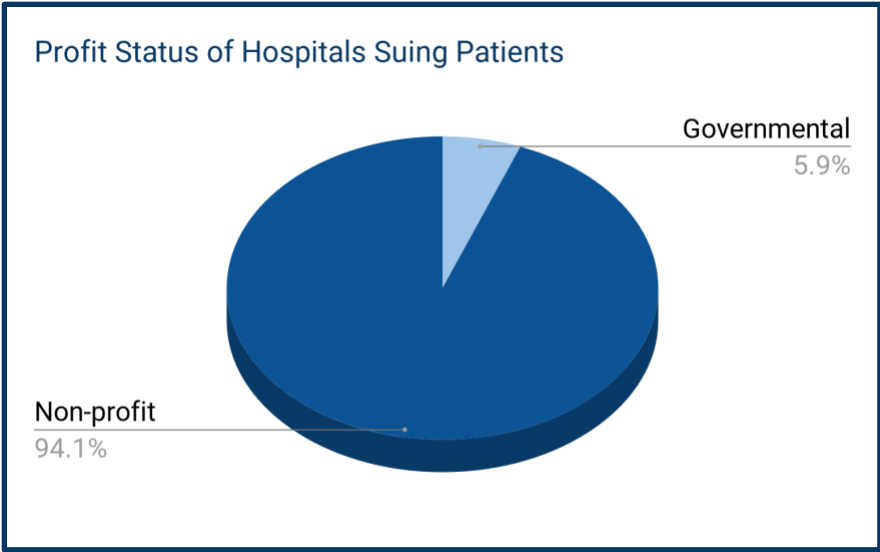
Figure 1: Hospitals Suing by Total Number of Lawsuits Filed.

Hospitals Suing by Total Number of Lawsuits Filed 2018-2020



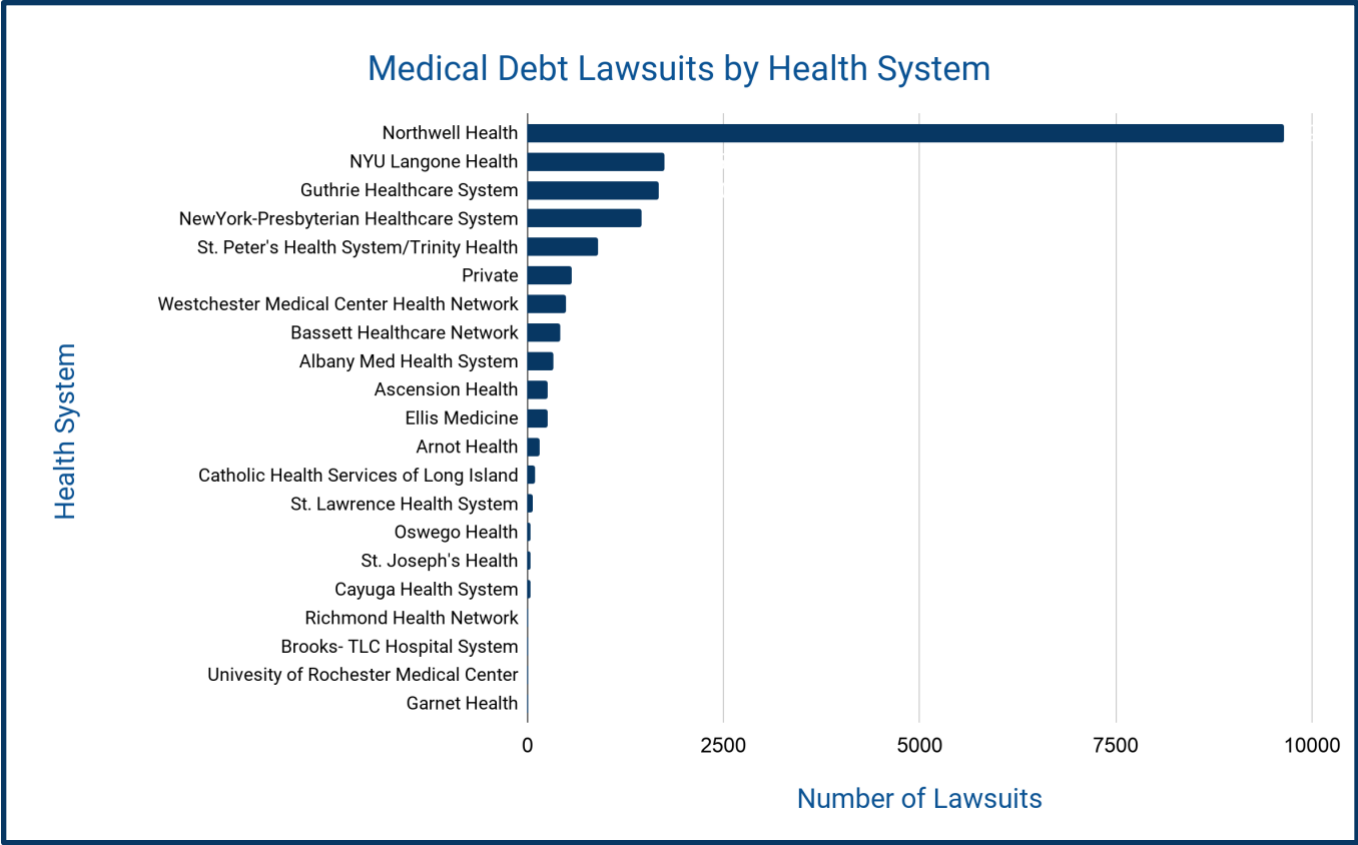
*NewYork-Presbyterian case counts include hospitals under the following CMS IDs: **NewYork-Presbyterian Hospital** 330101, NewYork-Presbyterian Queens Hospital 330055, NewYork-Presbyterian Brooklyn Methodist Hospital, 330236, NewYork-Presbyterian, Lower Manhattan Hospital 330064.

Figure 2: Profit Status of Hospitals Suing Patients.



Health Systems

Figure 3: Medical Debt Lawsuits by Health System.



Over half of these lawsuits were filed by one health system, being Northwell Health. Northwell Health [operates](#)⁶ 23 hospitals across the entire state of New York. A tenet of their mission [statement](#)⁷ is to “*care for the entire community regardless of the ability to pay.*” According to their billing practices, this guiding principle is eschewed as they sued 9,637 patients during our study period, which accounted for 53% of all medical debt lawsuits filed in the state of New York from January 2018 to December 2020. Hospitals that we found to be suing within the Northwell Health System included Glen Cove Hospital, Maimonides Medical Center, Long Island Jewish Medical Center, North Shore University Hospital, Huntington Hospital, Lenox Hill Hospital, Staten Island University Hospital, Plainview Hospital, Long Island Jewish Valley Stream, Peconic Bay Medical Center, South Shore University Hospital, Samaritan Medical Center, Crouse Hospital, and Auburn Community Hospital.

Northwell Health is not unique in that it is a non-profit entity suing its patients. In New York state, [86%](#)⁸ of hospitals are non-profit and the rest are government-owned. Due to restrictive hospital ownership [laws](#)⁹ that prohibit publicly traded corporations from owning hospitals, there are currently no for-profit hospitals in the state. Opponents of for-profit hospitals in the state [believe](#)¹⁰ it would become easier for these large, private hospitals to reduce or cut healthcare services to low-income and underserved communities, many of which rely on the services of the state’s public hospitals. As a result, these restrictions are intended to

maintain the provision of healthcare services to all through non-profit and government-owned hospitals.

Despite the lack of for-profit hospitals, non-profit hospitals in New York state have pursued aggressive means of debt collection. Pursuing legal action against patients who have not fully paid their bills is not only unjust but contradictory to the mission of many non-profit hospitals. After multiple media reports of non-profit hospitals engaging in aggressive debt collection practices ^{11,12,13}, the Internal Revenue Service imposed further regulations under the Affordable Care Act (ACA) on non-profit hospitals in 2014. Section 501(r) [requires](#) ¹⁴ non-profit hospitals to have a written financial assistance policy that clearly indicates who is eligible for free or discounted care and that these policies must be widely published for patients to see. The ruling also [states](#) ¹⁴ that non-profit hospitals should not engage in “extraordinary collection actions” on unpaid debts until the hospital makes “reasonable efforts” to determine if an individual is eligible for financial assistance

Due to exorbitant costs associated with medical care, many patients are unable to pay their bills. Low-income communities are disproportionately affected by excessive medical bills. Previous analyses ^{15, 2,3,4,5} have demonstrated that most of the patients taken to court come from low-income economic backgrounds and have little to no experience in court. Like in these previous studies, we confirmed that many patients being sued did not have a lawyer to defend them in court, likely indicating an inability to afford one. Without legal representation and typically poor communication by the hospital and their lawyer to collect the debt, these defendants are left vulnerable and intimidated in court without properly exercising their consumer rights.

As part of the Health Care Reform Act (HCRA) in 1996, the Indigent Care Pool (ICP) [program](#) ¹⁶ was created as a way of reimbursing hospitals for expenses associated with providing charity care. In 2016 alone, the state gave out over [\\$1 billion](#) ¹⁷ in grants to hospitals for ICP reimbursement. Since New York has this unique, specific funding program allocated for hospitals to provide care to patients who lack the ability to pay, it is particularly egregious for hospitals to sue for unpaid medical bills. A 2015-2019 New York hospital lawsuit [analysis](#) ¹⁵, done by the Community Service Society of New York, found that the hospitals who received more excess funds through ICP than they used to provide hospital financial assistance to patients were, in fact, the hospitals that sued patients the most.

Pandemic Lawsuits

During the first wave of the COVID-19 pandemic, most hospitals substantially reduced or even ceased all medical debt lawsuits. However, as the first wave of the pandemic started to dwindle, many New York hospitals resumed business as usual. Of the 51 hospitals suing, 42 filed lawsuits in 2020, many through the winter months and the second wave of the pandemic, even as 1.2 million [filed](#) ¹⁸ for unemployment during the pandemic.

Although these aggressive debt collection practices have persisted throughout 2020, a year with exceptional financial and emotional hardship, some hospitals have taken an opposite approach and stopped the practice of suing patients altogether. The NewYork-Presbyterian health system, which sued 478 patients in 2018 and 318 in 2019, filed no lawsuits against patients in 2020 in our dataset. Other hospitals that reduced their predatory billing practices were Crouse Hospital and Samaritan Medical Center, which both decreased their yearly lawsuits by more than half. While we hope to continue to highlight the positive impact that some hospitals can make, we know many hospitals have a long way to go.

Characteristics of the Top Suing Hospitals

Among the hospitals suing the most patients within our study period were Long Island Jewish Medical Center, North Shore University Hospital, New York University Winthrop Hospital, and Crouse Hospital. To characterize the hospitals, we included the hospital profit status, health system to which it belonged, total patient revenue as reported in the American Hospital Directory¹⁹, Average Markup, Lown Institute Charity Care Rating, Leapfrog Hospital Safety Grade, and Medicare’s Total Performance Score. The four hospitals suing the highest number of patients and their abovementioned characteristics are outlined in Figure 4.

Figure 4: Characteristics of Top 4 Hospitals Suing by Number of Lawsuits.

	Long Island Jewish Medical Center	North Shore University Hospital	NYU Winthrop Hospital	Crouse Hospital
Type	Non-profit	Non-profit	Non-profit	Non-profit
Health System	Northwell Health	Northwell Health	NYU Langone Health	Northwell Health
Total Patient Revenue	\$9,678,600,789	\$7,580,413,688	\$8,921,534,721	\$858,147,032
Average Markup ^a	4.7	5.1	8.3	2.2
Lown Institute Charity Care Rating ^b	2	2	3	2
Leapfrog Hospital Safety Grade ^c	C	C	B	C
Total Performance Score ^d	27.7	40.9	40	25.3

^a Average Markup: The inverse of the total cost: total charges ratio as provided by the [American Hospital Directory](#)¹⁹ (AHD). Example: AHD Total Cost: Total Charges for Long Island Jewish Medical Center = 0.2113. To find average markup, $1/0.2113 = 4.7$.

^{b,20} [Lown Institute Charity Care Rating](#): A measurement calculated by the Lown Institute using IRS 990 data on the amount spent on charity care and other community health investments as a share of total expenses.

^{c,21} [The Leapfrog Group](#) uses national performance measures from the Center for Medicare and Medicaid Services (CMS), its own surveys, and other databases to create an informational scoring algorithm to grade patient safety and care quality.

^{d,22} [Total Performance Score](#): Medicare metric that evaluates hospitals in 4 areas: Clinical Outcomes, Person and Community Engagement, Safety, and Efficiency. Average score across the US is 37 out of possible 100.

The Hospitals’ Law Firms

One plaintiff firm was responsible for 49% of all medical debt lawsuits in New York (Figure 5). The Mullooly, Jeffrey, Rooney & Flynn LLP firm represented all of the Northwell

Health hospitals and brought 8,924 patients to court in the three-year study period. Other major law firms responsible for patient debt collection in our study include Overton, Russell, Doerr & Donovan, LLP, which accounted for 11% of patient lawsuits and Joel Niesen Melnicoff with 10% of all lawsuits in our study. Consumer protection groups for some firms have [demonstrated](#)²³ highly unprofessional debt collection practices, citing poor communication and low-level customer service. Many debt collection firms in the state of New York have been criticized and accused of numerous violations of the Fair Debt Collection Practices Act (FDCPA), which serves to [protect](#)²⁴ consumers from abusive, deceptive, and unfair debt collection practices. One firm, Forster and Garbus LLP, which represents a high volume of Westchester Medical Center cases in our study, is being [sued](#)²⁵ by the Consumer Financial Protection Bureau for filing thousands of debt collection suits without “meaningful attorney involvement” in the collection. Patients and hospital leadership in New York should be concerned about aggressive debt collection practices by law firms that use predatory tactics to take advantage of vulnerable patients.

Figure 5: Top Suing Lawyers

Law Firm	Total Lawsuits (Percent of All Lawsuits)
Mullooly, Jeffrey, Rooney & Flynn LLP	8924 (49%)
Overton, Russell, Doerr & Donovan, LLP	1917 (11%)
Joel Niesen Melnicoff	1744 (10%)
Chad Richard Hammond	934 (5%)
Miller & Milone, P.C.	835 (5%)

Methods

Our research team searched the [New York State Unified Court website](#)²⁶ for information on lawsuits filed by the hospital between January 1st, 2018, through December 15th, 2020. The following variables were captured: name of the plaintiff (the hospital), the name of the defendant (patient), the legal representation for both if any, whether or not the case is active, and the filing date. We further characterized the hospitals by their [Lown Institute](#)²⁰ Charity Care 5 Star Rating, [Leapfrog Group](#)²¹ Hospital Safety Grade, and the hospital’s type of control. The Lown Institute Charity Care 5 Star Rating is a measurement calculated by the Lown Institute on the amount spent on charity care and other community health investments as a share of

total expenses. The Leapfrog Group Hospital Safety Grade is a composite score made up of 28 national performance measures on patient safety. A hospital's type of control, which determines its profit status, the average markup or inverse of the total cost to total charges ratio, and the total patient revenue were all extracted from the [American Hospital Directory](#)¹⁹.

Limitations

We included cases filed in the New York Unified Court System. More civil suits of this type are likely found in individual county small claims courts. Thus, we presume these figures underestimate the widespread problem of predatory billing. Further analysis should search county court-level suits to represent the greater depth of lawsuits in New York.

Policy Implications

Currently, there is no nationally standardized medical billing practice. A 2020 Journal of the American Medical Association [article](#)²⁷ proposes a list of six metrics that outline fair billing practices surrounding service quality, transparency, surprise billing, and predatory billing practices. By implementing service quality and ethical billing guidelines into a hospital's billing procedure, hospitals can return to be a safe refuge and place of indiscriminate care for all individuals, regardless of their ability to pay.

Resources for Patients

The Community Health Advocates Program

Community Health Advocates (CHA) program helps New Yorkers navigate the complex healthcare system by providing individual assistance, outreach, and education to communities throughout New York State. The helpline is free and serves both uninsured people and those with all types of health coverage throughout New York.

If you have been sued or have an issue with your medical bill...

Call the Free Helpline: (888) 614-5400

Email CHA: cha@cssny.org

Website: <https://communityhealthadvocates.org/>

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Appendix A: Hospital Lawsuits in Descending Order from Most Number of Lawsuits.

Hospital	Total Lawsuits	2018	2019	2020
Long Island Jewish Medical Center	2011	680	810	521
NYU Winthrop Hospital	1744	512	993	239
Crouse Hospital	1744	1017	678	49
North Shore University Hospital	1937	801	757	379
Samaritan Hospital - Main Campus	894	251	403	240
Guthrie Corning Hospital	897	291	370	236
New York Presbyterian*	796	478	318	0
John T. Mather Memorial Hospital	783	0	632	151
Auburn Community Hospital	732	109	316	307
Huntington Hospital	654	227	282	145
Nathan Littauer Hospital	613	193	218	202
Lenox Hill Hospital	550	210	221	119
Staten Island University Hospital	549	171	245	133
South Shore University Hospital	578	149	230	199

Samaritan Medical Center	329	136	152	41
Long Island Community Hospital	357	101	109	147
Ellis Hospital	253	76	108	69
Our Lady of Lourdes Memorial Hospital	253	134	57	62
Plainview Hospital	215	0	132	83
Little Falls Hospital	175	76	61	38
Glens Falls Hospital	172	10	92	70
Arnot Ogden Medical Center	155	72	55	28
A.O. Fox Hospital	142	66	46	30
Long Island Jewish Valley Stream	160	1	113	46
Community Memorial Hospital	106	33	52	21
St. Joseph Hospital	104	61	23	20
Bassett Medical Center	104	45	31	28
Glen Cove Hospital	106	4	61	41
Saratoga Hospital	78	20	40	18
Albany Medical Center Hospital	71	31	14	26
Peconic Bay Medical Center	63	19	42	2
Massena Hospital	62	26	23	13
Claxton-Hepburn Medical Center	54	2	20	32
Oswego Hospital	41	0	34	7
New York Community Hospital	39	23	7	9
Rome Memorial Hospital	38	31	7	0
Schuyler Hospital	37	12	15	10

Westchester Medical Center	491	139	220	132
Niagara Falls Memorial Medical Center	24	13	9	2
Ellenville Regional Hospital	19	2	17	0
NYU Langone Tisch Hospital	8	8	0	0
Richmond University Medical Center	9	5	2	2
Maimonides Medical Center	9	3	6	0
Sunnyview Rehabilitation Hospital	8	4	3	1
Jones Memorial Hospital	8	2	4	2
Columbia Memorial Hospital	11	2	5	4
Brooks- TLC Hospital System	8	0	8	0
Catskill Regional Medical Center Grover M. Hermann Hospital	4	1	1	2
HealthAlliance Hospital - Broadway Campus	2	2	0	0
Ira Davenport Memorial Hospital	2	2	0	0
Lewis County General Hospital	1	1	0	0
Total	18,200	6,252	8,042	3,906

*New York Presbyterian case counts include hospitals under the following CMS IDs: **New York-Presbyterian Hospital** 330101, New York - Presbyterian Queens Hospital 330055, New York-Presbyterian Brooklyn Methodist Hospital, 330236, New York-Presbyterian, Lower Manhattan Hospital 330064.

