

**HOSPITAL  
PROFILE**



# **Discharged into Debt**

## **Hospital Profile: Upstate University Hospital**

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**CSS** Community  
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## About the Authors

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## Executive Summary

This brief describes the medical debt collection practices conducted by Upstate University Hospital (Upstate Hospital), located in Syracuse, New York. At 750 beds, it is the largest medical center in Central New York—and seeks to become even bigger by acquiring the 465 bed Crouse Hospital, located nearby. In October 2022, the U.S. Federal Trade Commission advised the State Department of Health (SDOH) to reject the proposed merger on the grounds that it will drive higher costs, lower quality of care, and reduce access to care and worker wages.<sup>1</sup> Another consideration that the SDOH should consider is that Upstate Hospital sues more patients for medical debt than any other hospital in the state—as many as 1,500 patients a year.

## Background

Syracuse is a mid-sized city of nearly 150,000 people located in Central New York. The three hospitals that serve Syracuse are: Upstate Hospital, Crouse Hospital, and St. Joseph’s (451 beds). Upstate Hospital is one of five public state-run medical centers. The others are: Downstate Hospital, Stony Brook Hospital, Roswell Park, and Helen Hayes Rehabilitation Center. The vast majority of its peer public hospital institutions do not sue patients. For example, Eric County Medical Center, NYC’s Health + Hospitals, and SUNY Downstate Hospital rarely, if ever, sue their patients.

The other hospitals in the Syracuse area have either stopped suing patients or rarely do so. Between 2015 and 2020, Crouse Hospital sued hundreds of patients a year (5,596 in total), but in the wake of adverse publicity, it appears to have radically reduced—and potentially terminated—the practice. In 2019, Crouse sued 672 patients. In 2020, it sued only 46 patients, and it sued no one in either 2021 or 2022. St. Joseph’s Hospital has filed a handful of lawsuits against individuals, never on the scale of Crouse or Upstate: it sued six people in 2019, five in 2020, and three in 2021.

## Methodology

This issue brief is part of a series of reports that analyze the medical debt collection practices of hospitals in New York State. A complete methodological description can be found in the most recent report, a study of patients whose wages were garnished.<sup>2</sup> A public search of the New York State Courts Electronic Filing System for the years 2019 and 2021 indicates that Upstate Hospital is represented in medical debt collections by the New York State Attorney General. The analysis reviewed cases brought in 2019 and 2021 because the Attorney General suspended medical debt litigation in 2020 due to the COVID-19 pandemic.<sup>3</sup> Upstate Hospital’s lawsuits resumed in 2021 and, by the end of the year, were occurring just as frequently—on a monthly basis—as in pre-pandemic years.

In 2019, the Attorney General filed 1,562 lawsuits on behalf of Upstate Hospital.<sup>4</sup> As part of the *Discharged into Debt* series, CSS identified 65 other hospitals that sued patients in 2019: all sued fewer patients. For example, John T. Mather (248 beds) filed 1,453 lawsuits against patients; NYU Winthrop (591 beds) filed 924; and Long Island Jewish Medical Center (807 beds) filed 716. Other public hospitals, such as Erie County Medical Center (956 beds), the NYC Health + Hospitals system in New York City (4,924 beds), and SUNY Downstate, appear to have sued no patients at all.

## Upstate Hospital's Medical Collection Practices

In 2021, Upstate Hospital's total revenues were \$1.5 billion.<sup>5</sup> In 2019 and 2021, it sued 1,562 and 501 patients, respectively. The median judgment Upstate sought in these cases was \$8,102. If Upstate Hospital prevailed and secured the median judgment amount in all of these cases, it would recover \$16.7 million over two years—an insignificant amount of its annual revenue. However, the reality indicates that roughly half of its lawsuits are discontinued: of the 1,268 cases which were resolved, Upstate was awarded a judgment or settlement from only 684 patients. If Upstate Hospital fully collected on those judgments and settlements, it would only recover an estimated \$5.5 million from patients. These medical debt cases do virtually nothing to improve Upstate Hospital's bottom line, but have an enormously detrimental impact on the economic security of the patients it serves.

As of August 2022, nearly 40 percent, or 795 cases out of 2,063 identified in court records, were still active. Of the 60 percent (1,268 cases) that were resolved, the most common outcome is discontinuance (584 cases, or 46 percent of cases, see Table 1). This unusually large rate of discontinuance may indicate that Upstate Hospital is suing patients precipitously. A more thorough due diligence process in advance would likely result in fewer discontinuances and fewer medical debt lawsuits.

Despite the high level of discontinuances, 36 percent of cases (456) were won by default, meaning these patients never came to court to defend themselves. Default judgments can indicate that patients are unaware that they were sued, or that the patients cannot afford to defend themselves by hiring a lawyer or taking time away from work to attend a court date.

Another 228 cases (18 percent of cases) resulted in settlements. A review of the court files indicates that virtually all patients with settlement agreements represented themselves and could not afford or otherwise secure an attorney. The payment structures varied widely, but were almost always for the full amount sought by Upstate Hospital's attorneys. Typically, these settlements benefited Upstate Hospital. For example, the patient would be placed on a payment plan that the hospital could convert into a full judgment without notice if a payment was missed.<sup>6</sup>

In many cases the payment plans stretched on for years, indicating that the patients have low incomes. For example, in one case the parents were sued for the medical care received by their child in 2018. The parents were only able to pay \$50 a month, and by 2021, they had already had to return to court because of a missed payment. They are not scheduled to pay off their debt until 2026.<sup>7</sup>

For other patients, the settlements were for the full damage amount but include a clause stating that keeping up with the payments would result in

**Table 1. Outcomes in Completed Lawsuits filed by the Attorney General on Behalf of Upstate Hospital, 2019 and 2021**

Outcomes	Total	Percent of Total Lawsuits
Discontinuance	584	46%
Default Judgment	456	36%
Settlement	228	18%
<b>Total</b>	<b>1,268</b>	

some portion of the bill being waived altogether or renegotiated. However, these patients were often unable to keep up with the payments.<sup>8</sup> Only one patient in the 27 settlement cases reviewed managed to pay on time and have a portion of their debt waived.

### **Upstate Hospital Disproportionately Sues Patients of Color**

Medical debt affects communities of color two and half times more than their white counterparts in Onondaga County, where Upstate Hospital is located. In majority white communities, 11 percent of residents have medical debt in collections compared to 26 percent of residents in communities of color.<sup>9</sup> An analysis of the patient zip codes from Upstate Hospital's lawsuit casefiles indicates that it is disproportionately suing patients of color in Onondaga County.

- 25 percent (397) of the 2019 lawsuits were filed against patients who reside in zip codes where most residents are people of color.
- 51 percent of the 2019 cases were filed against patients in zip codes with higher proportions of people of color than in the county overall (in other words, 23 percent of Onondaga County residents are people of color, but these lawsuits were filed against patients in zip codes where over 23 percent of residents are people of color).
- Four of the five most common zip codes where Upstate Hospital filed medical debt cases (13204, 13205, 13207, and 13208) are places in Syracuse where most residents are people of color. In the fifth, 43 percent of residents are people of color.

### **Upstate Hospital Appears to Sue Low-Income Patients**

New York State's Hospital Financial Assistance Law requires hospitals to offer financial assistance to patients with incomes up to 300 percent of the federal poverty level, which is roughly \$40,000 for an individual and \$83,000 for a family of four.<sup>10</sup> Patients sued by Upstate Hospital live in communities where most patients are likely eligible for financial assistance—indicating a potential failure to adequately promote its existence.

- 77 percent of the 2019 lawsuits (1,213) were filed in zip codes where the median income was below \$70,000 a year.
- 36 percent (566) were filed against patients in zip codes where most households earn under \$50,000 a year.
- The median income was below \$40,000 for four of the five most common patient zip codes in which Upstate Hospital sued patients. In the fifth, it is only \$53,000.

At least one low-income patient appears to have discovered that she was eligible for financial assistance after agreeing to settle with the Upstate Hospital. In 2019, she signed a settlement agreement for \$7,794.<sup>11</sup> She began making payments, but then discovered that she should have received nearly \$5,000 in financial assistance. She returned to court and was placed on a new payment plan for the \$1,560 she still owed. However, this patient was sued in 2019 over medical bills from 2013 and so owed a substantial amount of interest—apparently at the then maximum allowed commercial interest rate of 9 percent. While it is commendable that the amount was reduced after the fact, the patient could have been saved additional debt and at least two court dates if properly

screened for assistance at the outset. Much of the remaining debt was interest that she would not have incurred if she had received financial assistance from the start. In 2021, New York enacted a law that reduced the judgment interest rate from 9 to 2 percent for consumer transactions, including medical debt cases.

Further, some lawsuits were filed against people who appear to be eligible for low-cost health insurance that could cover their care. For example, 12 defendants were sued at their place of incarceration, which means they most likely have no income at all. And at least 130 defendants were parents being sued over their child's medical care—nearly all New York children are eligible for state-subsidized Child Health Plus coverage. These cases underscore a failure in Upstate Hospital's financial assistance screening procedures.

## **Conclusion**

A review of Upstate Hospital's medical debt practices indicates that it is an outlier—suing more patients than any other hospital in New York State. The court data also indicates that Upstate Hospital's medical collection cases are filed in zip codes in which patients are disproportionately people of color. Furthermore, many patients who are sued appear to be eligible for financial assistance under state law. Upstate Hospital appears to be suing patients rather than facilitating their application for assistance as required by state law.

Upstate Hospital is a government-run facility and should be held to a higher standard than other hospitals in New York State, which are all nonprofit charities. Unlike nearly all of its other government-run peers, Upstate Hospital has an extremely aggressive approach against its patients who cannot afford the cost of their care. Finally, it is time for the Upstate Hospital's leadership, its lawyers, and our state leaders who are ultimately responsible for its conduct to revisit its medical debt collection practices.

## Endnotes

- 1 Federal Trade Commission Staff Submission to New York State Health Department Regarding the certificate of Public Advantage Application of SUNY Upstate and Crouse Health System, October 7, 2022. [https://www.ftc.gov/system/files/ftc\\_gov/pdf/2210126NYCOPAComentPublic.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/2210126NYCOPAComentPublic.pdf).
- 2 *See Discharged into Debt: New York's Nonprofit Hospitals Garnish Patients' Wages*, Community Service Society of New York, July 2022 (description of methodology is on page 3). <https://www.cssny.org/publications/entry/discharged-into-debt-new-yorks-nonprofit-hospitals-garnish-patients-wages>.
- 3 NY Attorney General Letitia James Press Release, March 17, 2020. <https://ag.ny.gov/press-release/2020/attorney-general-james-and-governor-cuomo-temporarily-suspend-state-debt>.
- 4 Because Upstate Hospital is a state-run facility, it is represented by the Attorney General and has automatic jurisdiction in State Supreme Court. Private and voluntary hospitals typically only have jurisdiction to sue in County Civil Courts.
- 5 Report of the President, SUNY Upstate Medical University, 2020-2021 Academic Year, page 32; <https://www.upstate.edu/president/pdf/suny-upstate-report-of-the-president-2020-2021.pdf>.
- 6 *See e.g., New York v. G.*, Index No. 11119/2019 (Onondaga); *New York v. L.*, Index No. 009243/2019 (Onondaga); and *New York v. P.*, Index No. 008401/2019 (Onondaga).
- 7 *New York v. S. & S.*, Index No. 6819/2019 (Onondaga).
- 8 *See, e.g., New York v. A.*, Index No. 00868/2019 (Onondaga); *New York v. D.*, Index No. 009428/2019 (Onondaga); *New York v. T.*, Index No. 004947/2019 (Onondaga); and *New York v. K.*, Index No. 005461/2019 (Onondaga).
- 9 Urban Institute, "Debt in America," <https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=medcoll&state=36&county=36067>.
- 10 N.Y. Pub. Health L. §2807-k(9).
- 11 *New York v. V.*, 5047/2019 (Onondaga).



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