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*****FOR IMMEDIATE RELEASE*****

Legal Aid Lauds Passage of Debt Collection Protections for New Yorkers who Receive Public Assistance and Medicaid Benefits, Calls on Governor Hochul to Sign it Immediately

(NEW YORK, NY) - Erika Hanson, Staff Attorney in the Health Law Unit at The Legal Aid Society, issued the following statement lauding the New York State Legislature for passing [A5613/S4540](#), which would bring crucial due process protections to vulnerable public assistance and Medicaid benefits recipients facing overpayment debt investigations, collections, and lawsuits:

“The current benefits overpayment process results in individuals and families who were in fact eligible for Medicaid and other benefits being erroneously strapped with thousands and tens of thousands of dollars of debt that they do not owe. This legislation provides checks and balances to ensure that those facing these actions are in fact liable, and to ensure that no one assessed an overpayment debt is unable to pay for food or rent as a result.

We thank Assembly Member Richard Gottfried and Senator Gustavo Rivera for championing this crucial issue, and urge Governor Hochul to sign this legislation immediately, so that New Yorkers no longer need to worry about being impoverished by clerical errors and lack of due process.”

Background:

Medicaid and Public Assistance overpayment recoveries allow the State to recover monetary compensation for benefits that were received by individuals and families when they were allegedly ineligible for those benefits. These overpayment recoveries require no finding of intentional fraud and are typically caused by agency error in approving recipients for benefits through no fault of their own and unintentional mistakes by recipients in reporting eligibility factors.

The current overpayment investigation and collections processes in New York State are deeply flawed and deprive benefits recipients of basic due process prior to the imposition of these debts. As a result, budgeting rules and protections in existing law are misapplied by public welfare officials in determining liability, claims are not properly calculated or validated, and benefits recipients are unable to challenge the claims against them. Individuals frequently are pressured into signing settlement agreements for which they are not liable and/or that they cannot afford. Others who do not sign settlements are sued, and many are subject to default judgments, even in cases with little or no proof that a debt is owed.

Under current processes, recipients are being wrongfully subjected to overpayment liability and debts when they were actually eligible for all or part of the alleged overpayment time period or when they were approved for benefits in error through no fault of their own. For many of these individuals, an overpayment debt may push them and their family back into or permanently trap them in poverty.

This legislation will address these most egregious aspects of the investigation and collections process in New York State without limiting the State's ability to investigate and pursue legitimate instances of intentional fraud.

Moreover, now is a critical time for enactment of this legislation, prior to the end of the COVID-19 Federal Public Health Emergency after which a flood of overpayment actions against recipients is likely.

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