

Medical Debt in New York State Varies Widely across Regions and Communities

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Millions of Americans struggle with the burden of medical debt. When medical bills go unpaid for a prolonged period, health care providers or third-party collection agencies may report information about the debt to the national credit bureaus.¹ Medical debt in collections may then appear on a consumer's credit record for up to seven years, damaging their credit (CFPB 2022). Adults with medical debt are also more likely to forgo needed health care and to have difficulty paying for food and housing costs as their financial situation deteriorates (Himmelstein et al. 2022; Lopes et al. 2022).

In this study, we assess the prevalence of medical debt in collections in the regions and communities in New York State. This study is part of an initiative to inform strategies for reducing the impact of medical debt on New York residents. We find the following:

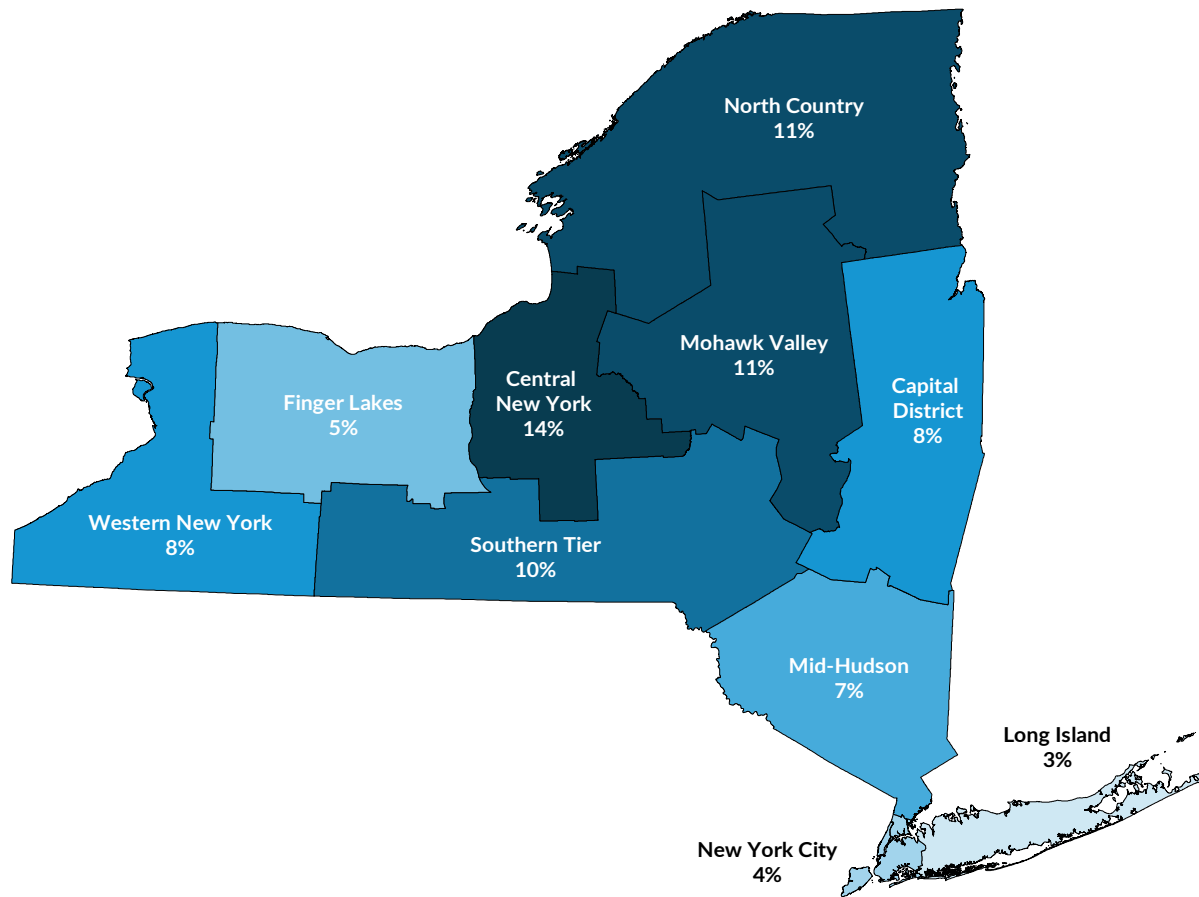
- **Medical debt varies considerably across the 10 economic development regions in New York State.** These regional differences in medical debt may reflect differences in residents' ages, health status, access to health insurance coverage, and household income and savings, as well as the billing and collection practices of local hospitals and health care providers (Blavin, Braga and Gangopadhyaya 2022; Gangopadhyaya et al. 2022).
- **In most regions, there are wide disparities in the prevalence of medical debt based on the racial and ethnic composition and median income levels of communities.**

MEDICAL DEBT VARIES ACROSS REGIONS

In New York State, an estimated 6 percent of consumers—representing approximately 740,000 adults and their families—had medical debt in collections on their credit records as of February 2022.² While this share was less than half of the national average of 13 percent, it conceals wide variation across regions and communities of the state.³ Figure 1 shows that the shares of consumers with medical debt in collections in the state's 10 economic development regions range from 3 percent in Long Island to 14 percent in Central New York, an area that includes the Syracuse metropolitan area and surrounding counties. The prevalence of medical debt is relatively low in New York City (4 percent) and the Finger Lakes region (5 percent) and relatively high in the Mohawk Valley (11 percent), North Country (11 percent), and Southern Tier regions (10 percent).

FIGURE 1

Share of Consumers with Medical Debt in Collections in New York State, by Region, February 2022



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Source: Authors' tabulations of Urban Institute credit bureau data from February 2022.

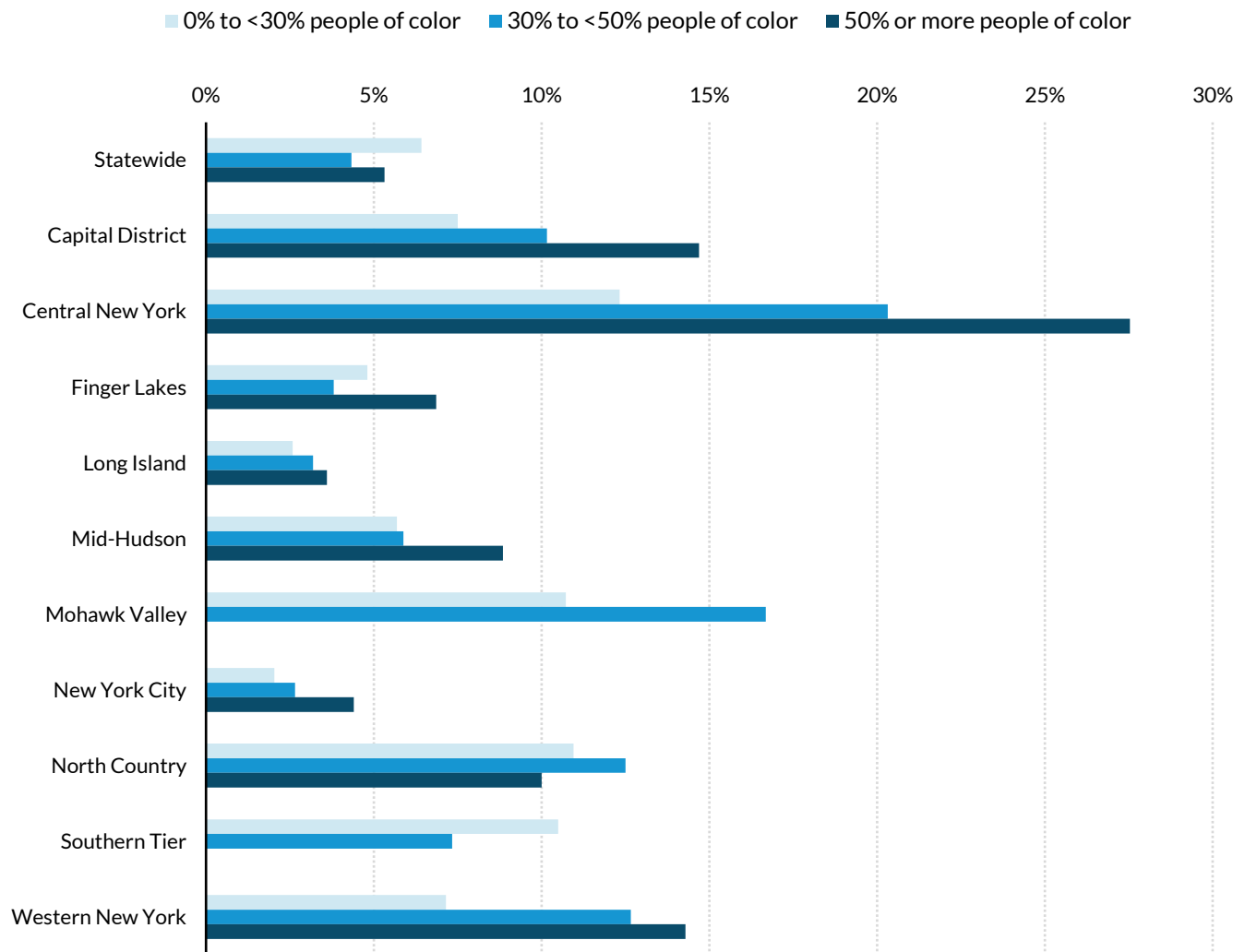
Notes: Share with medical debt in collections is defined as the share of consumers with credit bureau records who have medical debt in collections. Regions are based on groups of counties in the state's 10 economic development regions.

MEDICAL DEBT VARIES BY COMMUNITY DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS

An individual's likelihood of incurring medical debt within each region varies based on their zip code of residence and the demographic and socioeconomic characteristics of the associated zip code tabulation areas (hereinafter referred to as communities). For example, figure 2 highlights wide disparities in the prevalence of medical debt by the racial and ethnic composition of communities in most regions. In Central New York, the rate of medical debt in communities where a majority of residents are people of color is more than twice as high as the rate in communities with the lowest proportions of residents of color (28 percent versus 12 percent). Similar disparities are also found in the Capital District (15 percent versus 8 percent), Mid-Hudson (9 percent versus 6 percent), and Western New York (14 percent versus 7 percent) regions. Notably, differences in medical debt prevalence by communities' racial/ethnic composition are less pronounced when comparing all communities across the state. This is partially because communities with a high share of people of color are concentrated in New York City, the region with the second-lowest rate of medical debt. Examining medical debt across communities within each region reveals racial/ethnic disparities that would be overlooked when focusing only on statewide patterns.

FIGURE 2

Share of Consumers with Medical Debt in Collections in New York State, by Racial/Ethnic Composition of Communities, Statewide and by Region, February 2022



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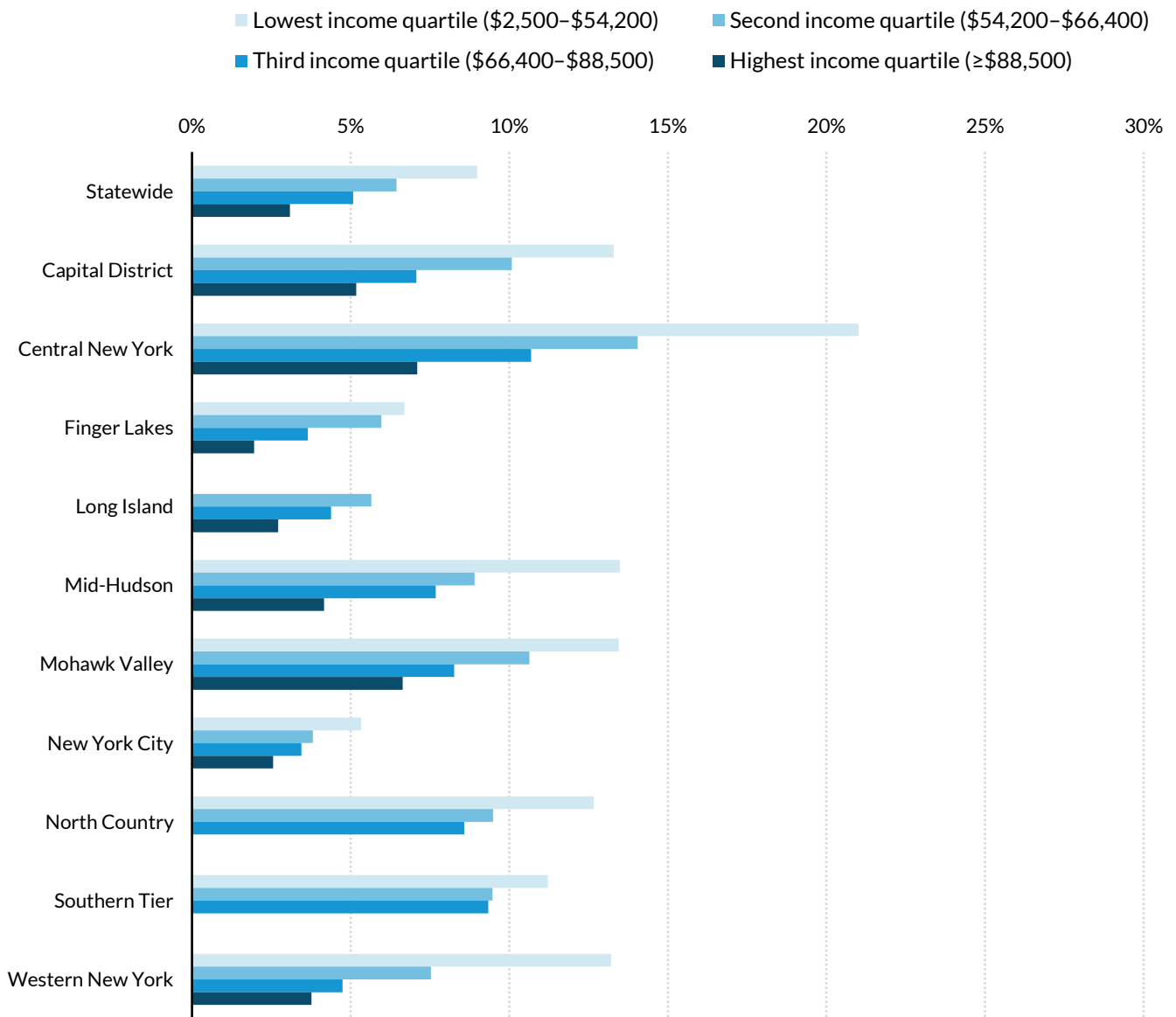
Source: Authors' tabulations of Urban Institute credit bureau data from February 2022 and 2016–2020 American Community Survey 5-year estimates.

Notes: Share with medical debt in collections is defined as the share of consumers with credit bureau records who have medical debt in collections. Regions are based on groups of counties in the state's 10 economic development regions. Communities are defined based on zip code tabulation areas. People of color include those who identify as American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, more than one race, or some other race, excluding those who identify as non-Hispanic and white. Estimates are suppressed for sample sizes below 100.

Figure 3 shows that medical debt is more common in communities with lower household incomes. In communities in the bottom quartile of median household income (i.e., below approximately \$54,200), 9 percent of consumers have medical debt in collections, compared with 3 percent of consumers who live in communities with the highest incomes (above \$88,500). These patterns in medical debt by communities' median household income are similar within each region.

FIGURE 3

Share of Consumers with Medical Debt in Collections in New York State, by Median Household Income of Communities, Overall and by Region, February 2022



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Source: Authors' tabulations of Urban Institute credit bureau data from February 2022 and 2016–2020 American Community Survey 5-year estimates.

Notes: Share with medical debt in collections is defined as the share of consumers with credit bureau records who have medical debt in collections. Regions are based on groups of counties in the state's 10 economic development regions. Communities are defined based on zip code tabulation areas. Median household incomes for communities are rounded to the nearest \$100. Estimates are suppressed for sample sizes below 100.

IMPLICATIONS

As New York State policymakers consider strategies to reduce the burden of medical debt, the findings presented here show that this burden is distributed unevenly across the state. In the state's northern, central, and southern regions, more than 1 in 10 consumers have medical debt in collections on their credit records. And within regions, the highest rates of medical debt are typically found in communities of color and communities with lower incomes. These estimates understate the number of people affected by medical debt, since this type of debt is not always reported to credit bureaus or cannot always be identified as originating with a health care provider. In addition, this analysis is based on a snapshot of consumer credit records in February 2022 and does not reflect a person's risk of incurring medical debt over a longer period of time as they experience changes in their health status, income, and insurance coverage (Lopes et al. 2022). Efforts to protect patients from medical debt therefore have the potential to reach a broad segment of New York's population, while reducing regional, racial/ethnic, and socioeconomic inequities in health and financial well-being.

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ABOUT THE DATA

This study is based on an analysis of February 2022 credit bureau data, which include a random 4 percent sample of deidentified consumer data from one of the major credit bureaus. Our sample includes data on more than 600,000 consumers ages 18 and older in New York State, and all records were stripped of personally identifiable information. The data contain information on whether a consumer has medical debt in collections reported in their credit file and the county and zip code of the consumer.

We examined the share of consumers with medical debt in each of the state's 10 economic development regions, which are composed of groups of counties. We also matched consumer zip codes to Zip Code Tabulation Areas, a set of non-overlapping geographic units that approximate the zip codes used for mail delivery and that come closest to representing the geographic boundaries of communities. We estimated the prevalence of medical debt in communities based on their racial/ethnic and income characteristics using 2016–2020 American Community Survey 5-year estimates (US Census Bureau 2022). We grouped communities based on the share of residents who are people of color, defined as those who identify as American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, more than one race, or some other race, excluding those who identify as non-Hispanic and white. We also estimated the prevalence of medical debt based on the quartile of median household income for communities across the state. We suppressed estimates for geographic areas based on samples sizes of fewer than 100 consumers.

NOTES

¹ On July 1, 2022, the credit bureaus increased the amount of time that unpaid medical debt does not appear on credit reports from 180 days to one year.

² Approximately 15.6 million adults ages 18 and older lived in New York State as of July 2022, and a previous study estimated that 85.2 percent of adults had a credit record and credit score. See US Census Bureau, "QuickFacts: New York," accessed February 13, 2023, and Hamdani et al. (2018). We multiply these figures by the 5.57 percent of consumers who have medical debt in collections on their credit records to estimate the total number of adults with medical debt in collections.

³ Urban Institute, “[Debt in America: An Interactive Map](#),” last updated June 23, 2022, accessed February 12, 2023.

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