

New York Cuts Statute of Limitations for Bringing an Action to Recover Medical Debts From Six to Three Years

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On April 3, 2020, New York State Governor Andrew Cuomo signed New York's 2021 Executive Budget into law. Many of Governor Cuomo's and lawmakers' legislative agenda priorities were not included in the budget, due to the COVID-19 pandemic. Notably, Governor Cuomo's call for [formal licensing and regulation of the debt collection industry](#) was removed from the final budget.

However, one key item that was signed into law was the addition of § 213-d to New York's Civil Practice Law and Rules. The new Section 213-d, titled *Actions to be commenced within three years; medical debt*, states that "[a]n action on a medical debt by a hospital...or health care professional...shall be commenced within three years of treatment." Previously, medical debts were covered under the standard six-year statute of limitations covering contracts.

The three-year statute of limitations (SOL) reduction is effective immediately. The SOL is tied to the date of the patient's "treatment" and not the traditional SOL trigger date of contract breach (e.g., failure to pay... "The general rule applicable to contract actions is that a six-year Statute of Limitations begins to run when a contract is breached or when one party omits the performance of a contractual obligation."). Hospitals and health care professionals should examine existing medical debts and consider if accelerated collection efforts are needed to ensure that collection lawsuits are initiated within three years of treatment.



However, the change in statute of limitations does not directly impact a creditor's right to seek voluntary payment via non-judicial means after the expiration of the statute of limitations—although such attempts are still littered with their own challenges and pitfalls (as a Google search for "time-barred debt disclosure" will reveal). Similarly,

this change does not explicitly impact a credit furnishers ability to report the delinquent debt within seven years of the delinquency under the Fair Credit Reporting Act (FCRA).

While the plain text of the statute explicitly applies to collection suits commenced by hospitals and other health care professionals, there is no doubt that the courts will soon be asked to hold that the reduced SOL extends to medical debt purchased by a third party. Inevitably, other issues will be tested in the courts as all parties—creditors, debt collectors, consumer advocates, consumers, and lawyers—accommodate themselves to this change.

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