



**TESTIMONY OF NJ APPLESEED CONCERNING A-3908  
(COVID-19 FINANCIAL SECURITY FOR CONSUMERS ACT) BEFORE  
THE ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE**

**MAY 7, 2020**

Assemblyman Johnson, Assemblyman Karabinchak and members of the Committee:

My name is Mary Pat Gallagher. I am the Communications and Policy Director for New Jersey Appleseed Public Interest Law Center ("NJ Appleseed"), a nonprofit, nonpartisan legal advocacy center based in Newark that has been working on a variety of issues related to healthcare, voting rights, environmental and consumer protection for more than 20 years.

Two weeks ago, NJ Appleseed wrote to the Governor, Chief Justice, Attorney General and Commissioner of Banking & Insurance recommending that they provide certain guidance to creditors -- and, if necessary, impose mandates on them--to avoid unduly adding to the burdens of NJ consumers and their families as a result of the pandemic and the economic fallout of the efforts to contain it, with a massive loss of jobs and income. I quote from that letter: "As we brace for the unpredictable weeks and possibly months ahead, it is essential to the stability of families and creditors that state-licensed creditors take steps to accommodate the changing financial situation. Mass defaults, accruing penalty fees, and car repossessions are neither in the interest of the long-term financial stability of New Jersey families nor in the long-term financial viability of DOBI licensees."

More than 130,000 New Jerseyans have become sick with COVID-19 thus far, and more than 8,500 have died, but the number of people who have been financially impacted is far, far greater. Businesses have shut down, some for good, employees have been fired, furloughed and had their hours reduced and far

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too many are struggling to meet their everyday living expenses. If they or a family member has become ill with COVID 19, they might also be faced with extraordinary, even catastrophic, health care expenses at a time when they might also have lost their health insurance along with their job. New Jerseyans need your help and they need it now!

We thank the sponsors and supporters of A3908 and its counterpart, S2330, for trying to provide that help. We support the bill overall but with a few suggested changes and caveats.

First, while we strongly support the provisions pertaining to health care, including the prohibition against imposing cost-sharing for COVID-19 testing and treatment for state-regulated plans, we find those provisions unnecessarily restrictive because they are limited to the emergency period declared by Executive Order 103. The virus, the need for testing for the virus and its antibodies, and the consequent need for treatment is going to continue and persist for months and perhaps, years, and thus Sections 6-9 of the bill cannot be limited to the emergency period. Furthermore, if it would simplify or speed up passage of the health care protections set forth in this bill, we would support a separate or stand-alone bill that would seek to prohibit cost-sharing for COVID 19 testing and treatment and thus protect those who would otherwise have a disincentive to seek testing or treatment and/or incur burdensome medical debt.

We are also concerned about the duration of the protection afforded those who owe medical debt. We believe those protections should last as long, even longer than, the protections afforded other types of debt, which stay in place for the "covered coronavirus period," defined as extending 90 days past the end of the state of emergency declared by Governor Murphy in Executive Order 103. In contrast, the medical debt provision delays collection actions for 180 days after a medical bill is first sent. So a bill incurred today could be sued on in November even if the public health emergency is still ongoing at that point. And for medical debts already incurred, the protection could lapse sooner than that.

Another concern is that while the bill defines an "affected person" as a state resident who "has suffered financial hardship as a result of the coronavirus disease 2019 pandemic," it does not define what constitutes a "financial hardship." To avoid ambiguity and clarify the circumstances in which the protections of the bill apply, the term "financial hardship" should also be defined, perhaps by adding a sentence stating "A person is

suffering from financial hardship when their income is insufficient to pay current and anticipated ordinary and necessary living expenses, including but not limited to housing, food, and health care.”

In addition, section 3 which halts the collection of non-medical debt during the covered period, allows an additional year past the end of that period to commence lawsuits as to which the statute of limitations expired while the filing of suits was on hold. We believe a full added year is too much time and suggest that, instead, the statute of limitations be tolled during the covered period with a specified time past the end of the period, perhaps 60 or 90 days, when such suits could be brought.

Lastly, we would like to note that the bill places restrictions on pre-litigation attempts to collect a debt, the filing of debt collection lawsuits, enforcement of existing court judgments and credit reporting, but seems carefully drafted to avoid interfering with areas that are the province of the judiciary such as the service of legal process and other aspects pertaining to the conduct of ongoing legal proceedings. To ensure that the separation of powers is properly maintained, NJ Appleseed recommends that, to the extent it has not already done so, the Legislature confer with the Administrative Office of the Courts to ensure that the proposed legislation is consistent with actions already taken by the judiciary.

Thank you for your consideration of our comments. And may you and your families stay healthy.

Respectfully submitted

Mary Pat Gallagher

Cc: NJ Appleseed Board