



August 12, 2024

Director Rohit Chopra  
Consumer Financial Protection Bureau  
1700 G St. NW  
Washington D.C. 20552

**Re: Docket No. CFPB–2024– 0023, Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)**

Dear Director Chopra,

Thank you for the opportunity to comment on the Consumer Financial Protection Bureau’s Notice of Proposed Rulemaking (NPRM) addressing medical debt on credit reports.

Consumer Reports<sup>1</sup> is an independent, nonprofit, and nonpartisan organization that works with consumers to create a fair and just marketplace. We strongly support the CFPB’s proposed Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information interpretive rule, which would prohibit the reporting of medical debt to credit reporting bureaus, to protect the rights of consumers to obtain health care services without fear of having their credit standing unfairly damaged. The proposed rule would amend Regulation V, which implements the Fair Credit Reporting Act (FCRA), concerning medical information. The proposed rule would remove a regulatory exception in Regulation V from the limitation in the FCRA on creditors obtaining or using information on medical debts for credit eligibility determinations. The proposed rule would also provide that a consumer reporting agency generally may not furnish to a creditor a consumer report containing information on medical debt that the creditor is prohibited from using.

As an organization that engages in research, reporting and policy advocacy regarding medical billing and credit reports, Consumer Reports has long been concerned about issues relating to inaccurate, excessive medical billing, and credit report inaccuracies and mistakes. While the national credit reporting agencies have voluntarily agreed not to report medical debts under \$500, many consumers throughout the U.S. continue to receive medical bills much higher than this threshold. This critically important new rule would provide additional protections for consumers who have larger medical bills that can harm their credit standing, and lead to higher interest rates for financial services products, and even being denied access to a credit card, a car loan or a mortgage. While several states have recently passed bans on medical debt credit reporting in 2023 and 2024, including Colorado, New York, Virginia, Connecticut, Illinois, Minnesota, Rhode Island and New Jersey, the proposed rule would protect consumers throughout the country, in all 50 states plus the District of Columbia.

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<sup>1</sup> Founded in 1936, Consumer Reports (CR) is an independent, nonprofit, and nonpartisan organization that works with consumers to create a fair and just marketplace. Known for its rigorous testing and ratings of products, CR advocates for laws and company practices that put consumers first. CR is dedicated to amplifying the voices of consumers to promote safety, digital rights, financial fairness, and sustainability. The organization surveys millions of Americans every year, reports extensively on the challenges and opportunities for today’s consumers, and provides ad-free content and tools to 6 million members across the United States.

In July, 2024, Consumer Reports asked our members to sign a petition in support of the proposed CFPB rule banning reporting of medical debt for use by creditors. Nearly 22,000 people quickly signed our petition in support of the proposed rule. The petition states:

*We support the CFPB's proposed rule that would remove medical bills from most credit reports, increase privacy protections, help to increase credit scores and loan approvals, and prevent debt collectors from using the credit reporting system to coerce people to pay. Because of our complex insurance reimbursement system, medical debt is often inaccurate or inflated – or isn't even owed by the consumer, so no one should be denied credit based on medical information.<sup>2</sup>*

We also invited members to share their personal stories relating to medical debt and credit reports, some of which are cited below, and are attached as Appendix A.

If finalized, CFPB's proposed rule would:

- 1) **Remove the exception that broadly permits lenders to obtain and use information about medical debt to make credit eligibility determinations.** According to CFPB, "...lenders would continue to be able to consider medical information related to disability income and similar benefits, as well as medical information relevant to the purpose of the loan, so long as certain conditions are met.
- 2) **Establish guardrails for credit reporting companies.** "The proposed rule would prohibit credit reporting companies from including medical debt on credit reports sent to creditors when creditors are prohibited from considering it."
- 3) **Ban repossession of medical devices.** "...The proposed rule would prohibit lenders from taking medical devices as collateral for a loan, and bans lenders from repossessing medical devices, like wheelchairs or prosthetic limbs, if people are unable to repay the loan."<sup>3</sup>

Consumer Reports has also signed on to a national consumer and health care coalition letter circulated by the National Consumer Law Center, urging the CFPB to strengthen the proposed rule to go further to protect vulnerable patients from the harms of medical debt. We join the coalition in urging the CFPB to:

- extend the credit reporting ban to negative information about lending products used to pay for medical debts, especially medical credit cards;
- address other common abuses with medical lending products, such as prohibiting deferred interest on credit cards, prohibiting issuance of medical credit cards or loans to consumers whose insurance covers a procedure or they qualify for financial assistance, and prohibiting services from being charged to a credit card before they are rendered; and
- extend the medical debt ban to credit reports used for employment and tenant screening.

Consumer Reports has previously expressed strong concerns to CFPB about the growing costs and risks associated with the aggressive marketing and promotion of medical credit cards and medical lending products. These include:

- higher overall costs for receiving care, because of added financing charges and fees;

<sup>2</sup> Consumer Reports, *Stop Medical Bills From Damaging Your Credit*, petition, July 2024, available at: [https://action.consumerreports.org/nb-20240718-meddebtcfpb?utm\\_campaign=20240718\\_nb\\_meddebtcfpb&utm\\_medium=email&utm\\_source=cr](https://action.consumerreports.org/nb-20240718-meddebtcfpb?utm_campaign=20240718_nb_meddebtcfpb&utm_medium=email&utm_source=cr)

<sup>3</sup> Consumer Financial Protection Bureau, CFPB Proposes to Ban Medical Debt from Credit Reports, 6/11/24, available at: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-to-ban-medical-bills-from-credit-reports/>

- inadequate public and private insurance coverage for vital medical benefits such as dental, hearing and vision;
- potential substitution of high-cost credit products for payments that could be covered by insurance, hospital financial assistance, public programs and/or lower-cost payment plans;
- increases in medical billing and payment complexity for consumers;
- patient difficulties in understanding the full range of payment options, when offered high-cost credit products at the point of service and during the treatment process;
- potential risks from debt collection, adverse credit reporting, and medical debt lawsuits and garnishments;
- promotion of more expensive care options driven by provider financial incentives; and
- promotion of questionable or unnecessary treatments by providers, who receive direct payment from consumers.<sup>4</sup>

Because medical credit cards were created specifically to charge medical expenses, states like New York, Colorado and Connecticut have wisely included medical credit cards in their state laws banning the reporting of medical debt to credit bureaus. Consumers often encounter very large charges for deferred interest when using medical credit cards, and report that the billing statements for these products are confusing and difficult to navigate. These products are dangerous financial products for consumers, especially people with subprime credit who cannot afford to pay off their outstanding balance in full. We therefore encourage the CFPB to please include medical credit card debt in the national credit reporting ban as urged by the national consumer coalition, and to adopt additional consumer protections to protect consumers against unreasonable and unfair risks posed by these products.

We also think it makes very good sense to ban the use of medical debt in credit reports for employment, and tenant screening, as both uses unfairly impact consumers who have incurred medical expenses that they cannot afford, and hinder people from meeting basic needs for income and housing merely because they sought medical treatment. Consumers and workers who are able to maintain their housing and employment will have a greater propensity to successfully recover from illness or injury and pay off the medical bills they owe, as well as stay on track with rent payments. Credit reports were created for credit-granting purposes for financial products such as credit cards, car loans and mortgages. The use of credit reports for additional areas such as rental housing, employment and insurance represents a dangerous form of “mission creep” that is creating new barriers to financial well-being and economic success for large sections of the population who are especially at risk of incurring medical debt.

### **The Growing National Burden of Medical Debt Hinders Consumers from Seeking Medical Care, and Threatens Financial Well-Being**

Medical debt is a serious problem afflicting 100 million Americans (41% of the population). It is one of the most prevalent forms of debt, with one in five Americans being contacted by a debt collector over an unpaid healthcare bill.<sup>5</sup> According to the Consumer Financial Protection Bureau, twenty percent of Americans also have at least one medical debt collection item in their credit reports, and over half of collection items on credit reports are for medical debts.<sup>6</sup> The problem disproportionately affects

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<sup>4</sup> Bell, Chuck, Comments of Consumer Reports regarding Request for Information Regarding Medical Credit Cards, Docket No. CFPB–2023–0038, Docket No. CMS–2023–0106, and Docket No. TREAS–DO–2023–0008, 9/11/2023, available at: <https://advocacy.consumerreports.org/wp-content/uploads/2023/09/09-11-23-C-Bell-CR-Comments-Regarding-Med-Payment-Products.pdf>  
See also: Kuenhoff, April, and Wu, Chi Chi, Health Care Plastic: The Risks of Medical Credit Cards, National Consumer Law Center, April 2023, available at: [https://www.nclc.org/wp-content/uploads/2023/04/Report\\_Health-CarePlastic.pdf](https://www.nclc.org/wp-content/uploads/2023/04/Report_Health-CarePlastic.pdf)

<sup>5</sup> Sara R. Collins et al., The Commonwealth Fund, *Insuring the Future: Current Trends in Health Coverage and the Effects of Implementing the Affordable Care Act 6* (Apr. 2013).

<sup>6</sup> Consumer Financial Protection Bureau, *Consumer credit reports: A study of medical and non-medical collections* (Dec. 11, 2014), available at: [https://files.consumerfinance.gov/f/201412\\_cfpb\\_reports\\_consumer-credit-medical-and-non-medical-collections.pdf](https://files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf)

people of color: 28% of African Americans and 22% of Latinx people carry medical debt versus 17% of White people.<sup>7</sup>

According to the Peterson KFF Health System Tracker, 20 million people nationally, or nearly 1 in 12 adults, owe "significant" medical debt of \$250 or more.. Approximately 14 million people ( 6 percent of adults) in the U.S. owe over \$1,000 in medical debt, and 3 million people (1 percent of adults) owe medical debt of more than \$10,000.<sup>8</sup> Two-thirds of adults with medical debt said that they or a member of their household have put off getting needed medical care because of costs, according to a KFF Survey.<sup>9</sup> In addition, 63% of people with medical debt have been forced to cut back on necessities like food and utility bills to pay off the medical debts they owe. According to a Commonwealth Fund survey, 34% of people in employer-sponsored health insurance, 39% of people in individual-market plans, and 31% of Medicaid patients have delayed seeking care or filling prescriptions because of medical debts.<sup>10</sup>

As noted by the National Consumer Law Center, "...Medical debt is different from many other types of consumer debt -- people do not plan to get sick or get hurt, and health care services are not only necessary, but can be a matter of life or death. Also, medical bills often end up in collections because of insurance or billing disputes, or other problems that arise from having a third-party payor involved in the payment of bills."

Medical billing is both confusing and difficult to navigate. Pricing is opaque and insurance payments are bewildering. Often, patients receive multiple bills and insurance forms for the same visit, which are hard to decipher and interpret, especially for non-native speakers. Providers and insurers go back and forth over whether a particular treatment or service is covered by the patient's insurance, and the patient is caught in the middle. Frequently, providers go ahead and send bills to collection even while they are still arguing with the insurance company as to whether the service is covered or not. Disputes relating to provider network status, such as those relating to ground ambulance bills, often result in surprise bills containing unfair and excessive amounts being billed to patients that are later removed or bargained down.<sup>11</sup>

After billing, providers or their collection entities often send unpaid accounts to third-party credit reporting agencies. These reporting agencies do not have access to provider and insurance records and make it difficult for patients to dispute the accuracy of their debt or to make corrections if there is a billing reporting error.

Reporting of medical debts to credit bureaus has very serious negative implications for patients; a bad credit record can make it much more expensive or even impossible for a patient to rent a home, get a job, buy a car, insure a car or home, or secure a loan for a home repair or educational opportunity. By

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<sup>7</sup> Lunna Lopes et al., "Health Care Debt in the U.S: The Broad Consequences of Medical And Dental Bills," Kaiser Family Foundation, June 16, 2022, [kff.org/health-costs/report/kff-health-care-debt-survey/](https://www.kff.org/health-costs/report/kff-health-care-debt-survey/).. See, also, Noam N. Levey, "100 Million People in America Are Saddled With Health Care Debt," Kaiser Health News, June 16, 2022, [khn.org/news/article/diagnosis-debt-investigation-100million-americans-hidden-medical-debt/](https://www.khn.org/news/article/diagnosis-debt-investigation-100million-americans-hidden-medical-debt/) ; and Noam N. Levey et al., "Upended: How Medical Debt Changed Their Lives," Kaiser Health News, June 16, 2022; updated December 21, 2022, [khn.org/news/article/diagnosis-debt-investigation-faces-of-medicaldebt](https://www.khn.org/news/article/diagnosis-debt-investigation-faces-of-medicaldebt) .

<sup>8</sup> Rakshit, S., Rae, M., Claxton, G., Amin, K and Cox, C., Peterson-KFF Health System Tracker, The Burden of Medical Debt in the United States, 2/12/24, available at: <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/>

<sup>9</sup> Ibid.

<sup>10</sup> The Commonwealth Fund, *Paying for It: How Health Care Costs and Medical Debts Are Making Americans Sicker and Poorer*, 10/25/23, available at: <https://www.commonwealthfund.org/publications/surveys/2023/oct/paying-for-it-costs-debt-americans-sicker-poorer-2023-affordability-survey>

<sup>11</sup> Kelmar, Patricia. *Emergency: The High Cost of Ambulance Surprise Bills*, USPIRG Education Fund, December 2022, available at: <https://pirg.org/edfund/resources/emergency-the-high-cost-of-ambulance-surprise-bills/> The report highlights that HALF of ground ambulance trips in the U.S. could result in a surprise balance bill to patients, often with a large component that is not covered by insurance payments.

contrast, it offers few or no benefits to providers – who hardly ever look at a patient’s credit score in advance of providing treatment.

In April 2023, the three national credit bureaus partially acknowledged the harm on consumers’ financial standing from inappropriate reporting of medical debt, by voluntarily agreeing not to report amounts under \$500, and to wait 1 year from the date of service before reporting an unpaid bill.<sup>12 13</sup> However, these voluntary practices fail to adequately protect consumers throughout the United States. Many consumers receive medical bills that are greater than \$500, which can do grave damage to their financial standing if the bill is reported as unpaid.

About a third of adults living in the U.S. – 47 million – have a subprime credit score.<sup>14</sup> People of color are more likely to have a subprime score. “...40% of Black consumers and 29% of Hispanic consumers have subprime credit, compared to 20% of white consumers and 11% of Asian consumers.”<sup>15</sup> When medical debts are reported to credit bureaus, they make it even harder for people with lower credit scores to get access to affordable credit cards, car loans and mortgages. Damaged credit also results in sharply higher rates for auto and homeowners insurance, and can also be an onerous barrier for obtaining rental housing and even employment. A Kaiser Family Foundation poll found that in addition to skipping needed medical care, people with unaffordable medical bills are also likely to cut back on basic household expenses, take money out of retirement or college savings, or increase credit card debt.<sup>16</sup>

In recognition of the need to further protect patients from the negative impacts of medical debt reporting, the Consumer Financial Protection Bureau issued an interpretive rule in 2022 stating that state laws prohibiting medical debt reporting would not be preempted by federal collection laws.<sup>17</sup> The CFPB has also concluded that medical debt is not a reliable predictor of a consumer’s credit risk for financial products such as mortgages, car loans and consumer loans.<sup>18</sup> According to a 2023 fact sheet issued by the White House:

“...Research shows that medical debt is not a reliable predictor of overall financial health – predominately reflecting inequities in health insurance coverage and the bad luck of a hospitalization or other medical event. A CFPB report found that including medical debt in credit scores understates consumers’ creditworthiness by 10 points, and including already paid medical debt understates consumers’ creditworthiness by as much as 22 points. This means that the use of medical debt in underwriting can cut off American’s access to credit without improving the accuracy and predictiveness of lending programs.”<sup>19</sup>

<sup>12</sup> Schulz, Bailey. *Medical Debt Under \$500 removed from Credit Reports, Potentially Boosting Credit Scores*, available at: <https://www.usatoday.com/story/money/2023/04/14/experian-equifax-transunion-medical-debt-under-500/11666277002/> <sup>12</sup> Consumer Financial Protection Bureau, *The Fair Credit Reporting Act’s Limited Preemption of State Laws*, 6/28/2022. available at: <https://www.consumerfinance.gov/rules-policy/final-rules/the-fair-credit-reporting-acts-limited-preemption-of-state-laws/>

<sup>13</sup> Consumer Financial Protection Bureau, *Data point: Medical debt and credit scores*, May 2024, available at: <https://www.consumerfinance.gov/data-research/research-reports/data-point-medical-debt-and-credit-scores/>

<sup>14</sup> Hardy, Andy. *Credit Score Trouble: 1.2 million Americans Just Became Subprime Borrowers*, Money.com, 4/04/24, available at: <https://www.nasdaq.com/articles/credit-score-trouble-1.2-million-more-americans-just-became-subprime-borrowers>

<sup>15</sup> Streaks, Jennifer, *What is Credit Invisibility?*, Business Insider, 7/18/24, available at: <https://www.businessinsider.com/personal-finance/credit-score/what-is-credit-invisibility>

<sup>16</sup> KFF 2022 Poll, Op cit., note #7.

<sup>17</sup> Consumer Financial Protection Bureau, *CFPB Affirms Ability for States to Police Credit Reporting Markets*, 6/28/22, available at: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-affirms-ability-for-states-to-police-credit-reporting-markets/>

<sup>18</sup> Consumer Financial Protection Bureau, *CFPB Kicks Off Rulemaking to Ban Medical Bills from Credit Reports*, 09/21/23, available at: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-kicks-off-rulemaking-to-remove-medical-bills-from-credit-reports/>

<sup>19</sup> The White House, Briefing Room, Fact Sheet, *New Data Shows 8.2 Million People Fewer Struggling with Medical Debt Under the*

The CFPB has also pointed out that mistakes and inaccuracies are common in medical billing, and can be compounded by disputes over insurance payments and complex billing practices.<sup>20</sup> As a result of the CFPB research, the Biden administration has directed federal agencies such as the Federal Housing Finance Agency, the Small Business Administration and the Veterans Administration to phase out the use of credit scoring models that incorporate medical debt.<sup>21</sup> CFPB expects that consumers with medical debt on their credit reports will see their credit scores rise by 20 points, on average, if the proposed medical debt reporting ban rule is finalized. In addition, CFPB expects the proposed rule would lead to the approval of approximately 22,000 additional, safe mortgages every year.<sup>22</sup>

As an example of how a patient might be severely harmed by reporting of medical debts, consider the case of David Smith, an owner of a towing business in West Monroe, NY for over 30 years. David's health was negatively affected after he was diagnosed with diabetes eight years ago. His leg began to deteriorate with infection and started dragging behind him. When he went to a nearby hospital for medical treatment, the doctors decided to amputate his leg up to the knee rather than continuing to treat the infection. While grappling with the loss of his leg, David faced another challenge from the hospital's billing department. As an independent business owner, he was insured only with Medicare Part A – which doesn't cover doctors. The hospital did mention financial assistance was available, but then claimed he made too much income to qualify. David had only claimed a total of \$7,000 from his business that year. Finally, the hospital offered David a \$200/month payment plan toward his bill. When he fell behind for a month, the hospital cancelled the plan, put the bill in collections and sued him for \$9,000. The hospital then settled the case, but he has since been sued twice more for bills he was unable to pay.

As a consequence, David's medical debt in collections have slashed his credit score in half, meaning he can no longer buy trucks for his business. "I can't get a loan, I can't do nothin' no more." On top of it all, his brother is also in the hospital after multiple strokes – while David continues to fight the latest lawsuit from the hospital. "I am just trying to survive."<sup>23</sup>

In March, 2024, Jessica Elizondo, a student at Western Connecticut State University and a legislative intern, testified before the Connecticut Human Services Committee:

I would like to share my own family's experience with medical debt. While insured by Connecticutcare, paying a premium of \$750 a month, with a \$6,000 deductible, my family has incurred over \$15,000 in medical debt. We have since been paying monthly to a collection agency for over 4 years. My mother recently got divorced, and as such, our household income has significantly declined, and we are now below 200% of the federal poverty level. As such, we have had to change how we budget our money dramatically. Upon calling the collection agency to ask if we could defer payments until we got back on our feet, we were told that if we stopped paying, our credit would be impacted.

I am sure that we are not the only family in Connecticut facing similar issues. Families in

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*Biden-Harris Administration*, 2/14/2023, available at: <https://www.whitehouse.gov/briefingroom/statementsreleases/2023/02/14/fact-sheet-new-data-show-8-2-million-fewer-americans-struggling-with-medical-debt-under-the-bidenharris-administration/#:~:text=A%20CFPB%20report%20found%20that,as%20much%20as%2022%20points.>

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Consumer Financial Protection Bureau, CFPB Proposes to Ban Medical Debt from Credit Reports, 6/11/24, available at: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-to-ban-medical-bills-from-credit-reports/>

<sup>23</sup> We The Patients NY, "I'm Just Trying to Survive – David's Story," 05/08/23, available at: <https://wethepatientsny.org/2023/05/08/im-just-trying-to-survive-davids-story/>



Connecticut should not have to worry about their credit being impacted based on medical debt. Individuals cannot control when they fall ill and should not have to question whether they should go to a hospital or “tough it out.” Everyone should have sustainable access to healthcare without fearing medical debt.<sup>24</sup>

In July, 2024, several consumers shared personal stories with Consumer Reports about the negative impact of medical debt on their credit reports. Their stories highlight the “special character” of medical debt as a type of debt that no one voluntarily takes on, but that is incurred because of the imperative to seek medical treatment arising from an acute or chronic condition, an illness or an accident. Their stories highlight the systemic difficulties of navigating a complex and dysfunctional medical billing and reimbursement system, where there are often lags in insurance reimbursement and payment, and credit reporting errors are very common.

John from Texas told us:

My oldest son was born with severe birth defects. He has sustained twenty-nine surgeries over the years, and a few yet remain. When we first started getting billed for his surgeries and medical treatment, we quickly discovered that we often were billed incorrectly. Sometimes insurance did not pay the correct amount; other times the doctor or hospital did not properly file with insurance. In any case, we have often received medical bills that needed to be corrected in one way or another. We quickly learned not to immediately pay medical bills until we could ensure that everything was correct. Sadly, we have also discovered that an outstanding bill that was being disputed or corrected could and did hurt our credit rating. It has been frustrating to have to deal with the disruptions caused by that in addition to the challenge of caring for a child through multiple surgeries.

Robert from Colorado said:

I had 2 major back surgeries in November and December over 15 years ago. I've been unable to gain credit ever since then. My injuries were from a Workers Comp accident, which then after surgeries decided to quit covering my declining health. They covered it up until the procedures became more serious and more expensive. They made it difficult, me being without the financial means to appeal and fight their denials. So the surgeries were done. They pre-authorized them and then denied [payment for] them when the bills came in. I tried for 2 years to fight this egregious system, but had to file bankruptcy to save my home for my family. I will always be haunted and judged with this on my credit files.

Micah from Indiana described how a medical treatment could lead to virtual exclusion from the financial system:

In 2018 I suffered an ectopic pregnancy after trying to conceive for 12 years. To say it was emotionally traumatic would be an understatement. But then the medical trauma began. My surgery was complicated, with complications that lasted for 6 months. However, my health didn't improve. Onto yet another major surgery, years of specialist and discovering I also had an incurable chronic disease that would continue to cause debilitating pain for the rest of my life. At only 35 I was considered medically frail and disabled. The medical bills keep piling up while I'm unable to work. I can't get loans, credit cards nothing. I couldn't even be on the loan for our home. My father recently passed way and I desperately wanted his car he loved. I can't even get

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<sup>24</sup> Testimony of Jessica Elizondo, Senate Human Services Committee Hearing on SB 395, March 14, 2024, available at: <https://www.cga.ct.gov/2024/hsdata/TMY/2024SB-00395-R000314-Elizondo,%20Jessica-Supports-TMY.PDF> and <https://www.youtube.com/watch?v=Oci1OcD6fbl&t=13429s>

a small loan to purchase it. Medical debt is overpriced and they take advantage of the sick. In addition, patients shouldn't be punished for things they cannot control like health issues.

Chris from Texas said a medical debt had been mistakenly reported to credit bureaus by the medical biller, because they had recently changed computer systems:

I found out that a medical company reported a debt on my credit report. I contacted them and the customer service said that I didn't have the debt. I told them about it being on my credit report. Customer Service found that they had switched systems and it was paid on the new system but not on the old system. They did correct it and it got off my credit report but it impacted my credit when I was trying to get a car loan.

Regina from Arizona reported how a similar billing snafu affected her eligibility for an auto loan:

I received a bill from the cardiologist office. I knew I had paid it so I ignored it. They turned me over to a collection company. Still I thought it was an error. It was an error but it was the cardiologist's error. A check was sent from my bank with my name on it which they credited my husband's account! The problem was that the collection company had reported it to the credit companies. I didn't realize it until I was turned down for a loan to buy a new car!! I have always paid my bill on time but that one error is still alive and well and I was recently turned down from opening a new bank account. Very frustrating as that bill was paid.

Dawn from Minnesota found while trying to purchase a house, that many medical bills from a surgery had been mistakenly reported to credit bureaus:

In 2015 I had a total hysterectomy. I prepaid and met my deductibles and co-pays as dictated by the insurance company. The bills that were not paid were the insurance company's responsibility. These bills went to collections. I didn't know this until 2018 when I applied for a home loan. I had several medical bills not paid by the insurance from the hysterectomy. Lab fees, Dr. fees, etc. I had to do the cleanup for my credit with help from the loan officer. Needless to say, it was uncalled for. Especially since I met all of my monetary requirements, but, the insurance company did NOT.

Roberta from California said that negative impacts to credit reports make it hard to stay enrolled in health insurance:

Before I signed up with the Affordable Care Act to get affordable health insurance, my credit rating was downgraded considerably due to medical bills that were not fully paid. This was due to increasing monthly premiums and high deductibles. I paid what I could, but still got no credit for it. So I felt I just wasted thousands of dollars on premiums for nothing and my credit rating to this day is not good. Now I believe that quality health care should be a human right regardless of inability to pay fully for it.

Judith from Texas pointed out that many consumers try diligently to pay off their medical bills, and should not be punished by negative credit reporting:

My father was a doctor, an OBGYN. Of course he had some patients who did not pay their bills, but no more than any other business. When he died suddenly as the result of an accident, my family expected that most of the patients with outstanding bills would not bother paying them. We were surprised when most of them fulfilled their obligations, some taking months or even years, paying a little at a time. This experience tells me that, as your introduction attests,



medical debt is a little different than other debt, and I agree that it should not be used punitively against people.

**CONCLUSION:** For all these reasons, Consumer Reports strongly supports adoption of the proposed CFPB rule to ban use of medical debts for most credit reports. The new rule will protect consumers from being punished for doing the right thing: taking care of their or their family members' physical or mental health. This rule will help ensure that patients are able to secure the healthcare they need, without fear of facing financial ruin. Hospitals and medical providers can still collect the debts that are owed, but they will no longer be able to use the threat of credit report damage as a coercive tool to force patients to pay up. Consumers would also be more fully protected from errors and inaccuracies related to medical billing that appear on credit reports, which appear in a significant percentage of reports, and can be very harmful. The proposed rule would also help to reduce the burden of medical debt on human service and legal services providers, who assist people with additional financial, health care, housing and legal needs related to the negative impact of medical debt reporting.

Sincerely,

A handwritten signature in black ink that reads "Charles W. Bell". The signature is written in a cursive style with a large initial "C".

Chuck Bell, Programs Director  
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**Appendix A. Consumer Stories Received by Consumer Reports Regarding Medical Debt and Credit Reports (July 2024 National Story Ask)**

| First Name | State | Title  | Body of story  |
|------------|-------|--|--|
| John       | TX    | The Impact of 29 Surgeries                   | My oldest son was born with severe birth defects. He has sustained twenty-nine surgeries over the years, and a few yet remain. When we first started getting billed for his surgeries and medical treatment, we quickly discovered that we often were billed incorrectly. Sometimes insurance did not pay the correct amount; other times the doctor or hospital did not properly file with insurance. In any case, we have often received medical bills that needed to be corrected in one way or another. We quickly learned not to immediately pay medical bills until we could ensure that everything was correct. Sadly, we have also discovered that an outstanding bill that was being disputed or correctly could and did hurt our credit rating. It has been frustrating to have to deal with the disruptions caused by that in addition to the challenge of caring for a child through multiple surgeries.   |
| Robert     | CO    | Major Surgeries caused me to file bankruptcy | I had 2 major back surgeries in Nov and Dec over 15 years ago. I've been unable to gain credit ever since then. My injuries were from a Workers Comp accident, which then after surgeries decided to quit covering my declining health. They covered it up until the procedures became more serious and more expensive. They made it difficult, me being without the financial means to appeal and fight their denials. So the surgeries were done; they pre- authorized them and then denied them when the bills came in. I tried for 2 years to fight this egregious system, but had to file bankruptcy to save my home for my family. I will always be haunted and judged with this on my credit files.   |
| Micah      | IN    | My life has completely changed               | In 2018 I suffered an ectopic pregnancy after trying to conceive for 12 years. To say it was emotionally traumatic would be an understatement. But then the medical trauma began. My surgery was complicated, with complications that lasted for 6 months. However, my health didn't improve. Onto yet another major surgery, years of specialist and discovering I also had an incurable chronic disease that would continue to cause debilitating pain for the rest of my life. At only 35 I was considered medically frail and disabled. The medical bills keep piling up while I'm unable to work. I can't get loans, credit cards nothing. I couldn't even be on the loan for our home. My father recently passed way and I desperately wanted his car he loved. I can't even get a small loan to purchase it. Medical debt is overpriced and they take advantage of the sick. In addition, patients shouldn't be punished for things they cannot control like health issues. |

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| Bonnie   | WV | Medical Bills Will Keep You Up At Nights                    | I had to go on dialysis for my bad kidney function and have to pay for medicine and a high bill to keep my dialysis treatment going. These insurance companies are taking us all for a royal ride. Medicare is a big joke and our government is not doing what they promise to do for all of us. My credit score is the worst and I cannot even purchase a car or anything for myself, because my credit score is so low. My medical bills are so high I know I will have to file for medical bankruptcy. When this happens, I will only be able to file again in many years. We all see that it is better for us all to be dead than alive. Looks like there is no one to help the people with these medical bills. The hospital and doctors are all taking us for a ride to no return. They all have their hands out to make themselves rich and we all get poorer. When will it all end?   |
| Lynnette | MA | Blue Cross MA dropped me without notice                     | I am disabled by chronic disease, Multiple Sclerosis. I thought I was fortunate because I had BCBS thru my former job. Last year I needed an expensive study for an MS complication. Afterwards I discovered my bills were largely unpaid. Apparently, there's a law that if you're disabled & eligible for Medicare B you MUST enroll & PAY for it. Since I had private insurance I had no need for this extra government insurance that is not as good my BCBS. BCBS claimed secondary or co-insurance status, only paying a paltry amount. I am still paying off bills, & receiving collection notices for others. Not only should the law requiring the disabled with private insurance pay for unnecessary Medicare B change, but credit damage due to our deeply flawed insurance & medical systems should be banned. The U.S. social safety net is fictional: rigorous underfunding whittles away services we thought were reliable and that our tax dollars fund. |
| Jeannie  | OH | Hidden medical unpaid bill                                  | When I was buying my first house, 25 years ago, I had a medical bill, that was unpaid, that wasn't even mine that I had to pay off before we could get the house. I had no way to dispute it because the lender said I had to pay it. I didn't even know it was on my credit report.  |
| Chris    | TX | Company changed computer systems and didn't have right info | I found out that a medical company reported a debt on my credit report. I contacted them and the customer service said that I didn't have the debt. I told them about it being on my credit report. Customer Service found that they had switched systems and it was paid on the new system but not on the old system. They did correct it and it got off my credit report but it impacted my credit when I was trying to get a car loan.   |

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| REGINA  | AZ | Credit denied in past because of inaccurate reporting. | I received a bill from the cardiologist office. I knew I had paid it so I ignored it. They turned me over to a collection company. Still I thought it was an error. It was an error but it was the cardiologist's error. A check was sent from my bank with my name on it which they credited my husband's account! The problem was that the collection company had reported it to the credit companies. I didn't realize it until I was turned down for a loan to buy a new car!! I have always paid my bill on time but that one error is still alive and well and I was recently turned down from opening a new bank account. Very frustrating as that bill was paid.   |
| Timothy | GA | Medical debt and lending                               | I personally have never had a medical collection debt but spent 28 years helping people who were applying for a mortgage overcome this obstacle. Very often the debt hits a credit report before the debtor even knows about the debt. I do believe debt collection is important however I would support rewriting the way it is treated within the credit scoring models. I believe the debts should show up but lenders and specific industries should have the option of having medical debts removed as a factor in scoring models. Mortgage lenders and others need to know about all debts in order to evaluate debt ratios but if medical collections were not included in scores the lending process could be more favorable for a significant group of borrowers who are credit worthy. |
| Myra    | TX | Ambulance Service                                      | Ambulance services out of network for ALL of Harris County. No matter your insurance. The bill was placed on my credit report despite me working with my Cigna insurance to negotiate a payment plan to cover more. Once negotiated (after more than a year) I ended up paying \$200+ and Cigna made a additional payment. If I'm not mistaken, Medicare patients are the only pre negotiated contract. I then had to call them and request them to remove the non payment from my credit report in which they did. This is sad. No fun being very ill, have to find a ride and pray you make it just to avoid the process. The process can kill you from stress.  |
| ROBERTA | CA | Paul's poor credit rating                              | Before I signed up with the Affordable Care Act to get affordable health insurance, my credit rating was downgraded considerably due to medical bills that were not fully paid. This was due to increasing monthly premiums and high deductibles. I paid what I could, but still got no credit for it. So I felt I just wasted thousands of dollars on premiums for nothing and my credit rating to this day is not good. Now I believe that quality health care should be a human right regardless of inability to pay fully for it.  |

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| William | MD | Cancer                                  | I am a cancer patient and this loophole can affect my financial situation.   |
| DANIEL  | CA | Healthcare Billing already questionable | <p>I have not any nightmares -- yet. I did have a bill go to a collection agency due to an on ongoing dispute I thought was being worked on in good faith. However, the provider sold the debt while we were still resolving it. Point is the pricing and cost are fundamental to an argument will billing, credit and finance. Paying for services and goods is a well-known practice. However, when such that prices vary from one provider to another and there isn't a system, cap competition, or easily understandable transparency, it's the uninformed buyer beware situation.</p> <p>Ergo the agreement with cost is flawed, and subsequent billing, finance etc. does not compare with rules involving standard commodities (that banks and creditors consider with decisions). I submit for consideration that as such, the "perceived" debt maybe overinflated, false or grossly in error, therefore cannot be a credit factor when out of control.</p> <p>I broke a leg recently, paid everything in full, and still getting bills and duplicates of them from other systems. Do I pay or not &amp; risk another collection agency or fallout if I still disagree (and I still do but paid)? This loophole serves no practical purpose. Until other controls exist for fair, transparent and competitive pricing exist first, close the loophole.</p> |
| GARY    | TX | Ambulance Deviousness                   | I am fighting three ambulance companies due to their deviousness. In each case, I was told that while the service was required by the hospital or nursing home, that neither I nor my insurance company would be billed; that the requesting entity would be billed. That simply was not true! In each case, my insurance company was billed and I received a bill for the balance. I am now being threatened with debt collection of the balance.   |
| Dawn    | MN | Unpaid medical bills by:Insurance       | In 2015 I had a total hysterectomy. I prepaid and met my deductibles and co-pays as dictated by the insurance company. The bills that were not paid were the insurance company's responsibility. These bills went to collections. I didn't know this until 2018 when I applied for a home loan. I had several medical bills not paid by the insurance from the hysterectomy. Lab fees, Dr. fees, etc. I had to do the cleanup for my credit with help from the loan officer. Needless to say, it was uncalled for. Especially since I met all of my monetary requirements, but, the insurance company did NOT.   |

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| Susan   | MO | Can't get medical care              | <p>I keep picking the wrong doctor! This last general medical doctor stated, "Can no longer care for your medical needs until you pay your bill in full." What doctor said that? My medical insurance paid a lot of it! That can't hold you over, do you threaten me? Needless to say, I'm looking for another doctor.</p> <p>P.S. I'm caught up with bills from said previous doctors but their medical knowledge was least to be desired so I thought I found a good one. Same problem, but worse due to threat!</p>  |
| Michele | SC | This isn't fun                      | <p>About two and a half years ago, my husband passed from cancer. in my grief, I decided to uproot myself from Michigan, where I lived with my husband and my children to South Carolina and less than a half an hour from where my daughter had just moved. At 52 with a job as a caregiver and the best insurance I could find, I had a \$9100 deductible and still do. A few months ago, I found out that I needed biopsies in two different places as well as a colonoscopy. Presently, my monthly bills are so much more right now than what I make that I can't afford to have these medical procedures done.</p> <p>So even though it's been a few months since I found out I needed these biopsies I cannot afford to go have them done. I'm already paying a couple hundred dollars a month towards medical bills and I don't have money or ability to make another payment every month let alone a few new ones to the doctor, the hospital, the anesthesiologist, the lab... It's made it completely impossible for me to get the medical care I need. My state only offers me family planning at the age of 52. Our healthcare system is broken. Too many people are dying because they can't afford to get the healthcare they need. I might very well be one of them.</p> |
| Shama   | CA | College Diagnosis & Hospitalization | <p>I was in my final year of college when I was hit by a diagnosis that stopped me dead in my tracks. I was majoring in Environmental Studies, I had a burgeoning non-profit mentoring organization, 3 rescue dogs and volunteer positions at the humane society and the Oakland school district. Admitted to the hospital, I struggled for a year to get back on my feet. After multiple hospitalizations, I was attending school in a wheelchair and slowly progressed to full health again. With almost \$40,000 of hospital debt in 2003 " a lot of money at the time, and as a college student. My incredible friends threw me a benefit. Luckily, I was able to get it all paid. That should never happen though.</p>   |

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| Lisemarie | NY | I have been hacked twice by my providers at Albany Medical Center and CDPHP (Capital District Physician's Health Plan), Albany, NY | I had a serious medical condition back in 2013. Unfortunately, both my provider and insurance companies were hacked. I was given a free membership to LifeLock for one year. It happens so often now.   |
| Robert    | CA | Greed  | Ambulance ride for heart attack Worker's Compensation should have covered all. Sacramento Metro Fire overcharged massively. Sent to collections   |
| Judith    | TX | Most patients pay their medical bills, in my experience  | My father was a doctor, an OBGYN. Of course he had some patients who did not pay their bills, but no more than any other business. When he died suddenly as the result of an accident, my family expected that most of the patients with outstanding bills would not bother paying them. We were surprised when most of them fulfilled their obligations, some taking months or even years, paying a little at a time. This experience tells me that, as your introduction attests, medical debt is a little different than other debt, and I agree that it should not be used punitively against people. |
| Shawna    | CA | NOT SURE...  | I don't know if medical bills have hurt my own credit...but I know other people in similar situations as the example (David) you posted. Thank you for giving us a voice!!!   |



I went to a chiropractor back in 2019 after being rear ended by someone. It wasn't a horrible accident, but it required weekly chiro visits for a couple of months and then over the next few months things improved. This chiropractor office pushed me into signing up with an attorney telling me that I could get some additional compensation for my injuries and lost time from work, so I did. What they failed to tell me is that they weren't also going to be filing for payment from my own insurance even though they were an IN-NETWORK provider.

After a couple of years of trying to work w/that attorney, I fired him- he was absolutely horrible! The Chiropractor office also told me they were no longer referring patients to him as they had bad experiences with him. Fast forward almost 5 years this Chiro provider sold my "debt" to a debt collector who didn't even notify me of this alleged debt. It turned out because this Chiropractor office never submitted for reimbursement to my insurance, banking on me getting a payout from this crooked attorney, they wanted their money. This debt collector never even notified me that there was this "debt" and started reporting me to the credit bureaus. It tanked my credit score over 100 points in one fell swoop. I immediately filed disputes, reported this Chiropractor to the State Board of Healing Arts and Consumer Finance Reporting Bureau. It has sucked up a lot of my time, and may cost me a certification for my business.

Kerri  
MO  
Unscrupulous  
Healthcare  
Providers

People who do not have insurance or good insurance are being taken advantage of by these hospitals and healthcare providers, often charging MULTIPLE X what they would be entitled to through a contracted rate. Then, these hospitals and healthcare providers are writing this off and get tax cuts because of it and so it is DOUBLE DIPPING! All the while devastating the lives of the most vulnerable people!

I fully support not reporting medical debt on credit reports. Consumers need better protection and this is one step in the right direction!

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| Thomas | CA | Surprise bill!!! | Doctors don't tell you what things cost then you get a surprise bill in the mail that Medicare no longer covers if they would be honest and upfront I'd say no thank you to their thousands of dollars for a nasal swab. If I told the doctor let me test for 2200.00 your nose he would say no thank you. They give the same antibiotic with it without the tests. We are lambs being slaughtered and lives being destroyed by surprise bills for tests we would say no to if they were not continually deceiving us. Tell us what things cost so we can decide on being homeless from medical bills or the humane treatment would be allowing us to say no thank you |
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| Anne  | IL | Seizures are not fun | <p>When I was in the National Guard during tech school, I had 2 seizures. The Guard refused to allow me to stay in because of the need to go anywhere/anytime. I was 19 with no job, nothing. After getting off my dad's insurance, I was forced to find jobs - any job - that would have health insurance. It wasn't until the VA picked me up 20 years later and paid for brain surgery that ended the seizures. Life in my 20s/30s could have been so much more if not for worry about "what if". Bills were always on my mind. Medical issues are not an old person thing - they effect people of all ages.</p>   |
| Frank | TN | Covid Bills          | <p>A couple of years ago my family and I contracted Covid. Although both my son and I ended up with Covid pneumonia it was my son who ended up in the hospital. The care that he received while hospitalized was subterranean to say the least. To make a long story short the oximeter that was used by the hospital was out of calibration and his O2 levels were actually in the mid-nineties and not low eighties as depicted by the oximeter. His oxygen was steadily increased due to "low" readings while his canula laid on the floor not even connected to his nose. My son's doctor came in, requested another oximeter (calibrated this time), and my son was able to return home that night. He ended up with a massive medical bill which the hospital promptly divided up among several debt collection agencies. One of the debt collectors requires payment online and their payment site is miraculously off line when payments are due. If he calls in to make a payment and by chance they answer the phone there is an additional charge. If he misses a payment the collection agency starts everything over.</p> <p>Although our son is into his adult years it is very disheartening to see this happening. When he was a toddler and had open heart surgery the hospital billed us \$ 26k for the surgery which was canceled because he had a high fever. He had the open-heart surgery two weeks later and Praise the Lord it was successful. However, it took six months of arguing with the hospital to receive credit for the first surgery which he never had. With all of the automation, voice automated services, and being passed from one department to another it is impossible to get errors corrected. I always review our medical bills and at one hospital the pharmacy billed \$ 1000.00 for one Ibuprofen and billed for three medications that my wife had refused during her hospitalization. It is simply out of control.</p> |

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| William | CO | Medical Billing is susceptible to HACKERS! | <p>I have had no problems EXCEPT of the FOUR offers for free credit monitoring I have received in the last year, THREE WERE RELATED TO THIRD PARTY MEDICAL BILLING COMPANIES! Medical billing has far too much leniency. They usually have access to Social Security numbers! In all cases, a HACK means your SS# is exposed! Medical billing companies should be STRICTLY controlled and FREQUENTLY monitored, all data should be encrypted from point of service to end-point billing. FINES SHOULD BE SEVERE ENOUGH THAT ONE SUCCESSFUL HACK should put them on the road to PERMANENT BANKRUPTCY-preventing those responsible from ANY protection, requiring their names to be made public, and making them liable for any damage --...dare I add: Consumer Fear should be one of those damages!</p> |
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