



March 25, 2025

House of Representatives
Washington, DC 20515

Re: Letter of Opposition to H.J. Res. 74 – Please Vote to Protect the CFPB Rule Banning Reporting of Medical Debt to Credit Bureaus by Opposing and Voting NO on H.J. Res. 74

Dear Representative and Legislative Director,

My name is Chuck Bell and I serve as advocacy programs director for Consumer Reports (CR),¹ based in Yonkers, New York. CR is an independent, nonprofit, and nonpartisan organization that works with consumers to create a fair and just marketplace.

Consumer Reports strongly supports the CFPB's Medical Debt Credit Reporting 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 for financial products unfairly damaged. We strongly urge you to oppose H.J. Res. 74, which would overturn the rule and prevent CFPB from making a similar rule in the future, without an express act of Congress.

The CFPB's rule removing medical debt from credit reports improves access to affordable credit; reduces impacts on communities with lower incomes and less health insurance, especially in the South and communities of color; and reduces pressure to pay incorrect medical debts. In addition, the CFPB's guidance under the Fair Debt Collection Practices Act makes clear that the FDCPA prohibits collecting charges that have already been paid, are prohibited under the federal No Surprises Act, are for services that a consumer did not receive, or cannot be verified. The guidance also states that it is unlawful to falsely represent that a medical bill is final and legally owed. We urge you to support these common sense measures to protect the 100 million people who have or are being pursued for medical debts.

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

¹ 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.

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. Consumer Reports worked to help enact the laws passed in New York, Connecticut and New Jersey, which received broad support from state legislators in each state.

In July, 2024, Consumer Reports asked our members to sign a petition in support of the 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.²

We also invited members to share their personal stories relating to medical debt and credit reports, some of which are cited below. Along with CR's comments on the rule, we submitted the petition signatures to the rulemaking docket.

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.² 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.³ The problem disproportionately affects people of color: 28% of African Americans and 22% of Latinx people carry medical debt versus 17% of White people.⁴

According to the Peterson KFF Health System Tracker, 23 million people nationally, or nearly 1 in 10 adults, owe "significant" medical debt. Approximately 6 percent of adults in the U.S. owe over \$1,000 in medical debt, and 1 percent of adults owe medical debt of more than \$10,000.⁵ Two-thirds of adults with medical debt said that they or a member of their household have put off

² 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

³ Consumer Financial Protection Bureau, *Consumer credit reports: A study of medical and non-medical collections* (Dec. 11, 2014).

⁴ 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/. 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/; 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/

⁵ Kirby, Rich. *Connecticut to Cancel Medical Debt for Eligible Residents*, 2/2/24, Patch.com, available at: <https://patch.com/connecticut/across-ct/ct-cancel-medical-debt-eligible-residents>

getting needed medical care because of costs, according to a KFF Survey.⁶ 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.⁷

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.⁸

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 patient 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 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.^{9 10} However, these voluntary practices fail to adequately protect consumers throughout the

⁶ Ibid.

⁷ 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>

⁸ 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 pay

⁹ 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/> ¹² 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/>

¹⁰ 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/>

United States. Many consumers receive medical bills that are greater than \$500, which can do grave damage to their financial standing if the bills are reported as unpaid.

About a third of adults living in the U.S. – 47 million – have a subprime credit score.¹¹ 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.”¹² When medical debts are correctly or incorrectly reported to credit bureaus, it makes 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 a barrier for obtaining rental housing and even a job.

In its research, the CFPB has 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.¹³ 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.”¹⁴

The CFPB expects the rule will lead to the approval of approximately 22,000 additional, affordable mortgages every year and that Americans with medical debt on their credit reports could see their credit scores rise by an average of 20 points.¹⁵

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.¹⁶ As a result of the CFPB research, the Biden administration 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.¹⁷

Consumers Can Be Severely Harmed By Reporting of Medical Debt to Credit Bureaus

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

¹¹ 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>

¹² 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>

¹³ 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/>

¹⁴ The White House, Briefing Room, Fact Sheet, *New Data Shows 8.2 Million People Fewer Struggling with Medical Debt Under the 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-debtunder-the-bidenharris-administration/#:~:text=A%20CFPB%20report%20found%20that,as%20much%20as%2022%20points.>

¹⁵ Consumer Financial Protection Bureau, *CFPB Finalizes Rule to Remove Medical Debt from Credit Reports*, 01/07/25, available at: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-to-remove-medical-bills-from-credit-reports/>

¹⁶ Ibid.

¹⁷ Ibid.

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."¹⁸

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 Connecticut, 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 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.¹⁹

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:

¹⁸ 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/>

¹⁹ 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>

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 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 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.

The CFPB Medical Debt Credit Reporting Rule Prevents Harmful Outcomes For Consumers Struggling With High Medical Bills

For all the reasons listed above, Consumer Reports has joined with our members and a large coalition of organizations throughout the country to support the CFPB rule to ban use of medical debts for 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. The CFPB 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 CFPB 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.

For all these reasons, we urge you to please vote on the side of consumers who are struggling with medical debts to protect the CFPB Medical Debt Credit Reporting Rule, by voting NO on H.J. Res. 74.

Thank you very much for considering our views.

Sincerely,



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