

Union Calendar No. 369

111TH CONGRESS
2^D SESSION

H. R. 3421

[Report No. 111-629]

To exclude from consumer credit reports medical debt that has been in collection and has been fully paid or settled, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2009

Ms. KILROY (for herself, Mr. GUTIERREZ, Mr. MINNICK, Mr. PERRIELLO, Ms. SCHAKOWSKY, Mr. BACA, Ms. SPEIER, Mr. HINCHEY, Mr. ELLISON, Ms. MOORE of Wisconsin, Ms. FUDGE, Ms. KAPTUR, Mr. HASTINGS of Florida, and Mr. AL GREEN of Texas) introduced the following bill; which was referred to the Committee on Financial Services

SEPTEMBER 28, 2010

Additional sponsors: Ms. TITUS, Mr. HARE, Mr. JACKSON of Illinois, Ms. MATSUI, Mr. CARSON of Indiana, Ms. SHEA-PORTER, Mr. CUMMINGS, Mr. SCHAUER, Mr. STARK, Mr. CARNAHAN, Mr. MCDERMOTT, Mr. KUCINICH, Mr. COHEN, Ms. VELÁZQUEZ, Ms. LEE of California, Mr. MANZULLO, Mr. MEEK of Florida, Mr. GRIJALVA, Ms. MCCOLLUM, Mr. CONYERS, Mr. ORTIZ, Mr. OLVER, Ms. SUTTON, Ms. EDWARDS of Maryland, Mr. COURTNEY, Ms. WATSON, Ms. WOOLSEY, Mr. HONDA, Ms. RICHARDSON, Mr. RYAN of Ohio, Ms. CLARKE, Mr. DEFAZIO, Mr. BILBRAY, Mr. HOLT, Mr. REYES, Mr. ROTHMAN of New Jersey, Mr. MCGOVERN, Mr. PASTOR of Arizona, Mr. DOGGETT, Mr. HINOJOSA, Mr. FILNER, Mr. CAPUANO, Ms. NORTON, Mr. FARR, Mr. NADLER of New York, Mr. CLAY, Mr. BERMAN, Mr. LEWIS of Georgia, Ms. HIRONO, Ms. KILPATRICK of Michigan, Mr. KENNEDY, Ms. JACKSON LEE of Texas, Mr. BOSWELL, Mr. MASSA, Mr. LYNCH, Mr. LUJÁN, Mr. LIPINSKI, Mr. LOEBSACK, Mr. DELAHUNT, Mr. RUSH, Mr. CLEAVER, Mr. KANJORSKI, Ms. WATERS, Mr. TOWNS, Ms. DELAURO, Mrs. MALONEY, Mr. MEEKS of New York, Mr. GEORGE MILLER of California, Mr. SIRES, Mr. MICHAUD, Mrs. MCCARTHY of New York, Mr. HODES, Ms. PINGREE of Maine, Mr. GRAYSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. GONZALEZ, Mr. SERRANO, Mr. PETERS, Ms. CORRINE BROWN of Florida, Ms. ROYBAL-ALLARD, Mr. JOHNSON of Georgia, Ms. SLAUGHTER,

Mr. THOMPSON of Mississippi, Mr. YARMUTH, Mr. DAVIS of Illinois, Mr. DRIEHAUS, Mr. POLIS of Colorado, Ms. BALDWIN, Mr. INSLEE, Mrs. NAPOLITANO, Mr. GENE GREEN of Texas, Mr. KILDEE, Mr. BURGESS, and Ms. LINDA T. SÁNCHEZ of California

SEPTEMBER 28, 2010

Deleted sponsor: Mr. MARCHANT (added April 14, 2010; deleted July 26, 2010)

SEPTEMBER 28, 2010

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To exclude from consumer credit reports medical debt that has been in collection and has been fully paid or settled, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medical Debt Relief
5 Act of 2010”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) ~~FINDINGS.~~—The Congress finds the following:

8 (1) Medical debt is unique because, unlike con-
9 sumer debt, Americans don’t get to choose when ac-
10 cidents happen or when their genetic traits will catch
11 up to their health profile.

12 (2) Medical debt collection issues affect both in-
13 sured and uninsured consumers.

14 (3) According to credit evaluators, medical debt
15 collections are more likely to be in dispute, inconsis-
16 tently reported, and of questionable value in pre-
17 dicting future payment performance because it is
18 atypical and nonpredictive.

19 (4) Nevertheless, medical debt that has been
20 completely paid off or settled can significantly dam-
21 age a consumer’s credit score for years.

22 (5) As a result, consumers can be denied credit
23 or pay higher interest rates when buying a home or
24 obtaining a credit card.

1 (6) Healthcare providers are increasingly turn-
2 ing to outside collection agencies to help secure pay-
3 ment from patients and this comes at the expense of
4 the consumer because medical debts are not typically
5 reported unless they become assigned to collections.

6 (7) In fact, medical bills account for more than
7 half of all non-credit related collection actions re-
8 ported to consumer credit reporting agencies.

9 (8) The issue of medical debt affects millions.

10 (9) According to the Commonwealth Fund,
11 medical bill problems or accrued medical debt affects
12 roughly 72,000,000 working-age adults in American.

13 (10) For 2007, 28,000,000 working-age Amer-
14 ican adults were contacted by a collection agency for
15 unpaid medical bills.

16 (b) PURPOSE.—It is the purpose of this Act to ex-
17 clude from consumer credit reports medical debt that had
18 been characterized as debt in collection for credit reporting
19 purposes and has been fully paid or settled.

20 **SEC. 3. AMENDMENTS TO FAIR CREDIT REPORTING ACT.**

21 (a) **MEDICAL DEBT DEFINED.**—Section 603 of the
22 Fair Credit Reporting Act (15 U.S.C. 1681a) is amended
23 by adding at the end the following new paragraph:

24 “(y) **MEDICAL DEBT.**—The term ‘medical debt’
25 means a debt described in section 604(g)(1)(C).”

1 (b) ~~EXCLUSION FOR PAID OR SETTLED MEDICAL~~
2 ~~DEBT.~~—Section 605(a) of the Fair Credit Reporting Act
3 ~~(15 U.S.C. 1681e(a))~~ is amended by adding at the end
4 the following new paragraph:

5 “(7) Any information related to a fully paid or
6 settled medical debt that had been characterized as
7 debt in collection for credit reporting purposes,
8 which, from the date of payment or settlement, ante-
9 dates the report by more than 30 calendar days.”.

10 **SECTION 1. SHORT TITLE.**

11 *This Act may be cited as the “Medical Debt Relief Act*
12 *of 2010”.*

13 **SEC. 2. FINDINGS AND PURPOSE.**

14 (a) *FINDINGS.*—*The Congress finds the following:*

15 (1) *Medical debt is unique, and Americans do*
16 *not choose when accidents happen or when illness*
17 *strikes.*

18 (2) *Medical debt collection issues affect both in-*
19 *sured and uninsured consumers.*

20 (3) *According to credit evaluators, medical debt*
21 *collections are more likely to be in dispute, inconsis-*
22 *tently reported, and of questionable value in pre-*
23 *dicting future payment performance because it is*
24 *atypical and nonpredictive.*

1 (4) *Nevertheless, medical debt that has been com-*
2 *pletely paid off or settled can significantly damage a*
3 *consumer's credit score for years.*

4 (5) *As a result, consumers can be denied credit*
5 *or pay higher interest rates when buying a home or*
6 *obtaining a credit card.*

7 (6) *Healthcare providers are increasingly turn-*
8 *ing to outside collection agencies to help secure pay-*
9 *ment from patients and this comes at the expense of*
10 *the consumer because medical debts are not typically*
11 *reported unless they become assigned to collections.*

12 (7) *In fact, medical bills account for more than*
13 *half of all non-credit related collection actions re-*
14 *ported to consumer credit reporting agencies.*

15 (8) *The issue of medical debt affects millions.*

16 (9) *According to the Commonwealth Fund, med-*
17 *ical bill problems or accrued medical debt affects*
18 *roughly 72,000,000 working-age adults in America.*

19 (10) *For 2007, 28,000,000 working-age American*
20 *adults were contacted by a collection agency for un-*
21 *paid medical bills.*

22 (b) *PURPOSE.—It is the purpose of this Act to exclude*
23 *from consumer credit reports medical debt that had been*
24 *characterized as delinquent, charged off, or debt in collec-*

1 *tion for credit reporting purposes and has been fully paid*
2 *or settled.*

3 **SEC. 3. AMENDMENTS TO FAIR CREDIT REPORTING ACT.**

4 *(a) MEDICAL DEBT DEFINED.—Section 603 of the*
5 *Fair Credit Reporting Act (15 U.S.C. 1681a), as amended*
6 *by section 1088(a)(1) of the Dodd-Frank Wall Street Re-*
7 *form and Consumer Protection Act (Public Law 111–203;*
8 *124 Stat. 2086), is amended by adding at the end the fol-*
9 *lowing:*

10 *“(z) MEDICAL DEBT.—The term ‘medical debt’ means*
11 *a debt described in section 604(g)(1)(C).”*

12 *(b) EXCLUSION FOR PAID OR SETTLED MEDICAL*
13 *DEBT.—Section 605(a) of the Fair Credit Reporting Act*
14 *(15 U.S.C. 1681c(a)) is amended by adding at the end the*
15 *following new paragraph:*

16 *“(7) Any information related to a fully paid or*
17 *settled medical debt that had been characterized as de-*
18 *linquent, charged off, or in collection which, from the*
19 *date of payment or settlement, antedates the report by*
20 *more than 45 days.”.*

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