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## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

Laura Swanson, Staff Director  
Brad Grantz, Republican Staff Director

March 28, 2022

The Honorable Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

Dear Director Chopra:

We write to encourage the Consumer Financial Protection Bureau (CFPB) to use its authority to address the growing medical debt burden faced by U.S. consumers, including by creating an ombudsman position for consumer medical debt. Accessing medical care is a necessity that has resulted in too many Americans facing overwhelming bills, harassment from debt collectors, and the long-term effects of negative credit actions.

As highlighted in the CFPB's recent report, *Medical Debt Burden in the United States*, there is \$88 billion in medical debt on consumer credit records, and that staggering number is likely lower than the total amount of medical debt in collections.<sup>1</sup> Medical debt is currently the most common debt collection tradeline on credit records, and that debt burden is not evenly held. Low-income individuals, Black and Hispanic households, veterans, young adults, and older Americans are more likely to have medical debt and struggle to pay it off.<sup>2</sup> This debt burden exacerbates the racial wealth gap and cyclical poverty and places undue strain on already vulnerable populations.

Incurring medical debt can result in a host of adverse long-term effects for consumers like garnished wages or property liens. The effects of medical debt can extend beyond financial issues, creating a negative impact on mental and physical health.<sup>3</sup> Medical debt collections can result in litigation, and in some concerning situations, those unable to pay have been sent to jail, marking the return of debtors' prisons to our country.<sup>4</sup>

During this once-in-a-generation pandemic, we've seen business entities take on a larger role in servicing vulnerable populations, often focusing on increasing profit and their bottom line over ensuring the health and wellness of American families. In the past, hospitals and nursing homes were generally non-profit entities or owned by healthcare providers. This recent trend in private equity investing in a larger portion of the healthcare market is troubling given reports that many patients see surprise medical bills after visiting a private-equity owned institution. In many cases, private-equity owned health care providers charge higher rates for the same services, deliver lower quality care – often with less staff, and maintain higher operating margins; we are concerned in the increased presence of private equity in healthcare is contributing to the growing medical debt burden.<sup>5</sup>

<sup>1</sup> [Medical Debt Burden in the United States \(consumerfinance.gov\)](https://www.consumerfinance.gov/medical-debt-burden-in-the-united-states/)

<sup>2</sup> [Medical Debt Burden in the United States \(consumerfinance.gov\)](https://www.consumerfinance.gov/medical-debt-burden-in-the-united-states/)

<sup>3</sup> <https://www.consumerreports.org/medical-billing/could-your-medical-bills-make-you-sick/>  
[Problems paying medical bills and mental health symptoms post-Affordable Care Act \(aimspress.com\)](https://www.aimspress.com/aimspress-view/Problems-paying-medical-bills-and-mental-health-symptoms-post-Affordable-Care-Act)

<sup>4</sup> [When Medical Debt Collectors Decide Who Gets Arrested \(propublica.org\)](https://features.propublica.org/medical-debt/when-medical-debt-collectors-decide-who-gets-arrested-coffeyville-kansas/)

<sup>5</sup> <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.01535>

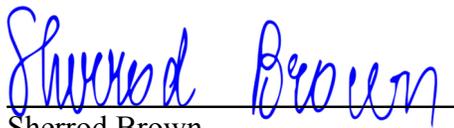
In order to curtail the considerable adverse effects faced by consumers holding medical debt burdens, we respectfully ask that the CFPB consider using its authority to stem unfair medical debt collection practices and ease the strain felt by consumers, through both additional research and the creation of a medical debt ombudsman position.

Additional research is needed to understand the full scope of issues surrounding the medical debt burden in the United States. We suggest further examining medical debt collection practices, particularly the steps taken before bills are sent into collection and the number of Americans jailed for inability to pay medical bills. It would be helpful to know the number of people against whom legal action is taken, including court summons, wage garnishments, liens, etc. The CFPB should also research the size of the debt selling market for medical bills, including information on the number and size of the debt buyers and the health entities most likely to sell medical debt. We also suggest further research into how consumers incur medical debt. We would like to better understand how private-equity owned institutions collect medical debt and report it to credit reporting companies, whether private equity companies have played a role in increasing medical debt accumulation across the board, and how private-equity owned revenue cycle management companies collect medical debt.

Finally, we encourage the CFPB to consider creating an ombudsman position for medical debt similar to the ombudsman position created to ensure student loan servicers complied with federal and state laws. This position could help to facilitate consumer complaint resolution and compliance with federal directives, like the recently implemented federal ban on surprise medical bills. An ombudsman can also monitor the changes announced earlier this month by Equifax, Experian, and Transunion, to ensure that the proposed change to medical debt credit reporting are uniformly and universally implemented.

We appreciate your prompt attention to this issue and look forward to working with you to protect consumers and patients from harboring this growing medical debt burden.

Sincerely,



Sherrod Brown  
United States Senator



Tina Smith  
United States Senator



Elizabeth Warren  
United States Senator



Jack Reed  
United States Senator



Raphael G. Warnock  
United States Senator