

# United States Senate

WASHINGTON, DC 20510

March 21, 2024

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

Dear Director Chopra:

We write to request that the Consumer Financial Protection Bureau (CFPB) exercise its regulatory and enforcement authority to protect Americans from predatory practices unfairly targeting those in need of medical care with limited resources to pay for it. We appreciate that in September 2023, the CFPB announced several potential proposals to remove medical debt from consumer credit reports. We look forward to seeing the CFPB move forward quickly with a concrete rulemaking to implement these proposals, which will help address the collateral consequences of medical debt.

Medical debt accounts for \$88 billion of consumer debt, making it the most common type of debt reported in consumers' credit files.<sup>1</sup> While medical debt burdens people in much the same way as other types of consumer debt by damaging credit, making it harder for people to save or spend on necessities, and limiting access to employment and housing, it also affects the health status of those holding it. More than 41 percent of all adults in the United States hold medical debt, which can negatively impact mental health and create additional barriers to accessing needed health care services.<sup>2</sup>

Medical debt does not reflect spending habits or help lenders predict risk; instead, it is evidence of either health issues or a medical emergency. Medical debt places patients at risk of downgraded credit and falling victim to predatory practices.

We applaud the CFPB for enforcing existing law against predatory medical debt collection practices and welcome the agency's broader focus on this issue. In particular, we are pleased to see that the CFPB is considering proposals to remove medical bills from consumer credit reports and to prohibit the use of medical collections information in underwriting decisions. We are also encouraged to see guidance that prohibits debt incurred in violation of the No Surprises Act from being in collections and from being included on consumer credit reports. We strongly support the work that the CFPB has undertaken thus far to shine a light on unfair practices related to medical debt and hope to see the following items in a proposed rule to strengthen consumer protection.

## **1. Eliminate reporting of all medical debt in consumers' credit reports**

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<sup>1</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-estimates-88-billion-in-medical-bills-on-credit-reports/>

<sup>2</sup> <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>

We remain concerned that the credit reporting agencies' changes, removing medical debt collections under \$500 from credit reports, while important, are neither permanent nor legally binding and do not completely remove medical debt from consumer credit reports. We encourage the CFPB, under its FCRA authority, to undertake rulemaking to create uniform standards for all credit reporting companies, including those smaller and specialty companies, whose practices may not align with the changes recently made by the national credit reporting agencies. Any regulations promulgated should prohibit reporting of all medical debt.

## **2. Eliminate deferred interest in medical credit products**

Medical credit products specifically marketed to consumers who need to finance a medical procedure can carry interest rates that are nearly double that for a mainstream, prime card. Sometimes, credit companies use zero-interest promotional periods to lure patients to open an account. Some of these products will often retroactively charge interest back to the original date of the charge if the balance is not paid off in full by the end of the promotional period. Because of the complexity of the loan terms, many patients are unaware of the ticking debt time bomb they are holding. We request that the CFPB revisit and revise, as appropriate, the Federal Reserve Board's original rules related to deferred interest under the Credit CARD Act.

## **3. Prohibit and aggressively enforce against reasonably unfair, deceptive, and abusive practices**

The CFPB must take a firm stand against abusive practices that target patients, who are already in a vulnerable situation simply because they need medical care and lack the funds to immediately pay for it. Complex medical billing practices often result in situations where patients must undergo treatment without having time to understand the full amount that they must pay out-of-pocket. Subsequently, patients may incur multiple medical bills that they cannot afford, making them susceptible to being preyed upon by unscrupulous lenders and debt collectors. While the No Surprises Act has helped increase transparency around these issues, patients continue to experience surprise bills and unexpected out-of-network costs.

The CFPB should identify other practices that could reasonably be considered unfair, deceptive, or abusive that target patients who either hold medical debt or need financing for medical care, and issue policy directives to address these practices in order to protect patients. For example, the CFPB should require debt collectors to fully inform patients about and provide screening for financial assistance programs that could help alleviate medical debt before pursuing collection and consider failure to do so to be an unfair and deceptive practice. The CFPB should also partner with other governmental agencies – including the Centers for Medicare and Medicaid Services (CMS) and Veterans Affairs (VA) to ensure providers, including hospitals and other facilities, provide patients with the information necessary to help prevent debt and the reassignment of debt to collections.

Further, we ask the CFPB to pursue enforcement, both federally and working with state attorneys general and other consumer financial regulators, against actors who violate its regulations or state financial laws. Predatory companies that take advantage of patients who need care and treatment will not stop their egregious behavior without strong enforcement and rules. The CFPB

should also partner with other federal agencies to ensure that hospitals are providing to patients any financial assistance that is legally required before trying to collect on medical debt. Hospitals not only have a medical responsibility towards patients, but a financial one as well.

Medical debt remains an unfortunate reality, burden, and liability for millions of individuals and families in our country, who are often some of the most vulnerable. We ask the CFPB to take concrete steps towards tackling the problems surrounding medical debt through proposing rules to further protect patients' finances, dignity, and health.

Sincerely,



Sherrod Brown  
United States Senator



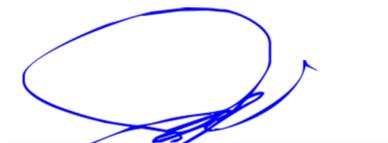
Raphael Warnock  
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Christopher S. Murphy  
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*Ben Ray Lujan*

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United States Senator

*Jeffrey A. Merkley*

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