



Consumer Data Industry  
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April 20, 2021

The Honorable Maxine Waters, Chairwoman  
The Honorable Patrick McHenry, Ranking Member  
United States House of Representatives  
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

I write on behalf of the Consumer Data Industry Association (CDIA) to note our concerns regarding Section 403 of the Amendment in the Nature of a Substitute (AINS) to H.R. 2457.

As you know, Section 403 is part of the Comprehensive Debt Collection Improvement Act, which the Committee is scheduled to consider in its April 20, 2021 markup. Section 403 of the AINS would:

- (1) bar the reporting of any debt resulting from a medically necessary procedure to a credit report; and
- (2) bar the reporting of any medical debt to a credit report for one year from the time the debt was "placed for collection."

This section, together with Section 404 of the bill, which would govern how information on medical debt is sent to consumer reporting agencies (CRAs), would result in important information being hidden from banks and other lenders as they consider whether to make a loan. We believe that this would have negative results for consumers and the economy.

Medical debt is treated differently by credit bureaus and scoring models than other kinds of debt. It has been established that *unpaid medical debt* does not go on a credit report unless it's 180 days past due or longer. This grace period allows consumers six months to resolve any insurance or billing disputes, or to work out a repayment agreement with the medical provider. For *paid medical debt*, the nationwide credit bureaus will remove from credit reports those previously reported medical collections that have been or are being paid by insurance. The treatment of unpaid and paid medical debt are part of the National Consumer Assistance Plan ("NCAP") created in 2015 by the nationwide credit bureaus following the voluntary agreement with 31 state attorneys general and a separate voluntary agreement with the New York Attorney General.<sup>1</sup>

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<sup>1</sup> See, [Attorney General DeWine Announces Major National Settlement with Credit Reporting Agencies](#), Ohio Attorney General Mike DeWine press release, May 20, 2015; [A.G. Schneiderman Announces Groundbreaking Consumer Protection Settlement With The Three National Credit Reporting Agencies](#), New York Attorney General press release, March 9, 2015.

We believe that the NCAP agreement, current law and business practices serve both consumers and lenders. Insurers and medical providers would have six months to resolve questions of who pays for medical care. And if a medical debt did end up on a credit report which insurance would ultimately pay, the debt would come off the report. However, if a consumer owed a debt, it would appear on the credit report, which would help a lender accurately assess a consumer's ability to repay, ensuring that s/he gets the right loan for the consumer's personal circumstances.

The bill also includes an insufficient definition of what is medically necessary. For example, if a procedure is elective, is it by definition not medically necessary? Patients may choose to undergo elective treatments that may not be medically "necessary" but are still important. Without additional clarity in the definition it is unclear who will decide what is "medically necessary." We do not believe CRAs should be in the position to determine whether something is medically necessary. Language should be added to the bill that would delineate who judges whether something is medically necessary and then ensure that this information is ultimately reported to a CRA through the normal reporting process.

This legislation would prevent important information from appearing on credit reports. If consumer debts did not appear on reports, then lenders would potentially make loans that consumers do not have the ability to repay. As we learned from the financial crisis, offering loans to consumers that they are unable to pay back can have negative consequences for borrowers, neighborhoods and the entire economy. The Committee has taken the lead over the last decade in ensuring that lenders accurately assess the ability to repay before making loans. This legislation would take a major step backward in that effort.

We appreciate that our nation's healthcare system can be cumbersome to work with and that often consumers can find themselves with debts that they could not anticipate. We urge Congress to improve the medical payment system - but hiding important information from lenders would be the wrong way to address this problem.

We look forward to continuing to work with the Committee to ensure that consumers have access to the full range of financial services and to help consumers and the economy rebound from the COVID-19 pandemic. Thank you for consideration of our views.

Sincerely,



Francis Creighton  
President & CEO