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The Honorable Jack Reed, Chairman  
The Honorable James Inhofe, Ranking Member  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

Dear Chairman Reed and Ranking Member Inhofe:

As you consider the Fiscal Year 2022 National Defense Authorization Act, we wanted to make you aware of several provisions added to the House version of the bill.

### **Suppressing credit reporting for servicemembers**

An amendment was added to the bill on the House floor that would block any negative credit reporting for a deployed servicemember regardless of any other circumstances. For example, if servicemembers for any reason under this amendment cease to pay any of their bills, no resulting negative information would be permitted to appear on the credit report. If an active duty-deployed servicemember were to open multiple new lines of credit or declare bankruptcy, neither obligation would be reflected on the consumer report.

Should this amendment pass, lenders would lose an accurate indicator of servicemembers' true financial picture, exposing the servicemember to a spiral of debt (and implicating the safety and soundness of the financial institution). This amendment would have unintended consequences for the military as well, as excessive indebtedness is a barrier to readiness. Most importantly, removing accurate, but negative information from a consumer report may lead to reduced access to credit or higher prices for credit as it becomes more difficult for lenders to analyze risk. Due to the harm this would cause consumers in the Armed Forces, this amendment should be excluded from the final bill.

Military consumers have robust financial protections afforded to them as part of the Servicemembers Civil Relief Act. Financial institutions have long supported these protections; however, this proposed language would hurt, not help, servicemembers and their families. We urge the Senate to reject this language.

### **Prohibiting medical debt from appearing on credit reports**

The House NDAA includes an amendment prohibiting medical debt incurred by a consumer resulting from a "medically necessary" procedure from appearing on a credit report. Suppression of such details would further limit the lender's ability to appropriately assess a borrower's risk, causing more harm than good, and the result would have negative results for consumers and the economy.

The amendment overlooks the important function of credit bureaus in our financial system, including expanding the availability of credit to consumers. The legislation also disregards the consumer protections that CRAs implemented regarding the reporting of medical debt.

Medical debt is treated differently than other kinds of debt. Unpaid medical debt does not go on a credit report unless it's 180 days past due or longer, allowing consumers time to resolve any insurance or billing disputes, or to work out a repayment agreement with a medical provider. Paid medical debt is removed from credit reports if the debts have been paid by insurance. However, if it is determined that the consumer is responsible for satisfying a debt owed, that information may be reflected on a credit report, helping lenders assess appropriate pricing, terms and the consumer's ability to repay a loan.

Furthermore, throughout history, data shows that the older the debt, the harder it is to collect. For example, consumers may not have a recollection the debt has been incurred. This would impose an extreme financial strain on healthcare providers that would ultimately be passed down to consumers or lead them to reduced availability of critical medical services.

The feasibility of determining whether a procedure would be considered medically necessary was not considered when this language was drafted, leaving credit bureaus liable for determining whether a procedure qualifies as medically "necessary." Credit bureaus have no means of determining whether a procedure is medically necessary; this duty should fall to the furnisher of the data (the collection agency) or to the entity originating the debt (the provider of medical services). We urge the Senate to reject this language.

### **Keeping information resulting from sex trafficking off credit reports**

A provision was added to the bill prohibiting credit reporting of information resulting from human trafficking. We have no objection to including this language in the final version of the bill.

The National Defense Authorization Act is one of the most important pieces of legislation Congress passes in any year, and this one is no exception. We look forward to this bill being passed with its usual bipartisan support.

Sincerely,



Eric J. Ellman  
Senior Vice President, Public Policy & Legal Affairs