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Subject: Medical Debt Credit Reporting Changes / Small Business Impact
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Dear CFPB,

I am a Latina small business owner. I have been passionate about providing compassionate collection services to the patients in our community for over 17 years. Our small agency provides jobs for 11 members of our community. Our family-owned business structure allows us to run our business in a manner that puts patients/consumers first. It is a company value to work with all consumers/patients on a voluntary basis first and foremost. The proposed rule to remove all medical debt from credit reporting terrifies our agency because it would put unimaginable pressure on all agencies to increase lawsuits against consumers/patients in order to sustain reasonable recovery rates. We know that the legal fees and emotional stress of being put through the legal system as the only avenue to bring accountability for a medical bill, will be a terrible disservice to the members of not just our community, but of our country. The insurmountable accountability this will take away will only be shifted into our legal system. The attorney fees, service fees, the act of being served, the garnishment(s), will be much more devastating to consumers/patients than our current system. Furthermore, this downstream "fix" will only further devastate our health system by causing financial devastation to the small providers who provide similar 'small business' care to patients and access to care in rural communities. It will also disincentivize patients to be insured – why pay for medical insurance when TikTok informed me my medical bills won't affect my credit? There will be an immediate lack of public understanding that rather than a line item on your credit report about your past due bill, you can and most likely will be sued instead. Their bill will skyrocket due to legal fees, and they'll have to figure out how to live with less income to pay for rent and groceries when their wages are being garnished as the first and only step that can be taken to create accountability. We URGE the CFPB to consider the whole ecosystem and the unintended consequences of this proposed rule when making this decision. This rule will further devastate our health system if not collapse it entirely.

The implemented changes have already resulted in a decrease in our collections for clients. The current consequences will only be magnified. Many consumers ignore phone calls (assuming they're spam) and letters from both medical facilities and collection companies. If consumers have insurance, in many cases the dollars can be recovered. Consumers' ability to call collection agencies, who work with their medical providers, to provide insurance information, is a direct benefit of credit reporting. Insurance companies will rarely pay anything after 12 months, if even past three to six months of medical care. Collection agencies work as a middleman to help patients navigate the financial medical maze and get their insurance carriers to provide them with the benefits they pay for. Finding these items on their credit report, brings legitimacy to our communication attempts with patients and sparks action from patients to investigate the outstanding claims – sometimes they just need to fill out a questionnaire but they're unaware until they speak with us.

On an even larger scale, credit reports will no longer reflect an accurate picture of a consumer's creditworthiness. Medical facilities will need to start collecting co-pays, co-insurance and deductibles up front. This is another blow to medical facilities whose margins are already slim. Banks, credit unions, car dealers and rental properties' lending decisions will be compromised - this affects all businesses. Loans will be defaulted on when a garnishment on a medical debt eliminates the consumer's ability to pay back her/his loan.

Thank you for your attention to this matter.

Sincerely,

Diana H.



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