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August 12, 2024

**VIA ONLINE SUBMISSION**

2024 NPRM FCRA Medical Debt Information  
c/o Legal Division Docket Manager  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

**RE: Opposition Statement - 2024 NPRM FCRA Medical Debt**

To Whom it May Concern,

H & R Accounts, Inc. is an agency and first party patient call centers within the revenue cycle management industry focused primarily on healthcare. We are **OPPOSED** to the Proposed Rule on Credit Reporting and ask that it not be adopted. Research shows that this rule will do substantially more harm than benefit for middle- and low-income families across the country and will have a detrimental impact on the healthcare system. We incorporate here with our response the comments filed separately by our industry association, ACA International, as well as the comments filed by Economist Dr. Andrew Nigrinis, as evidence of research showing the negative impacts of this rule.

Our agencies and call centers share the core mission to provide our healthcare partners with the back-office support and payment assistance they need so their attention can be on the patients' care during services. We are an extension of the providers, representing them in every interaction our staff has on a placed account, and we take the trust placed in us very seriously. The time we spend interacting with a patient is always approached with respect and integrity to aid the patient through the resolution of their services with the provider. This resolution of services must include payment of the account to ensure that a provider can continue to provide services in the future. There are many ways an account can be resolved and each of these avenues are explored during the services we provide, including but not limited to insurance; charity / financial assistance; payment plans; and payment in full.

We are universally on the same page that patients should not be punished or financially destroyed due to the need for medical attention. There are countless stories of individuals feeling lost and confused about where to turn and we would argue that we are that place they can turn. Our staff can talk through an account, obtain more details from the provider to resolve questions on the final billing, help determine if financial assistance is available, and we could go on and on with examples, but in the end, the financial model of the healthcare system requires payment to be received to continue providing services.

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If this rule were implemented as written, healthcare providers will be forced to change their services to require more up-front payment which would ultimately result in less low- and middle-income families receiving medical care as many who could have paid over several months will not be able to pay the full up-front payment. The “buy now, pay later” model is crucial to providing medical services to all regardless of income level and this is a model that the CFPB has pushed for within other industries, so why would we remove it from this critical, care industry. Today, besides co-pays, most patients pay after the fact, because it’s difficult to determine how much a patient owes until the insurance company processes the claim. Our industry helps consumers to properly determine how much they owe, we take time to educate and explain the nuances of deductibles, co-pays, etc (something no other industry must do with a consumer purchase). We advocate for patients with the provider to ensure it’s all accurate, and we help patients come up with comfortable payment schedules. Those payment schedules are often interest free and spread out over multiple months or even years. This is an extremely valuable service to consumers, with thousands of plans getting set up daily across the industry. As noted above, in the event that this rule is mandated, most providers will likely shift to cash at or prior to time of service since there will be no way to guarantee account resolution later, which will cause patients to pay or finance large lump sums of money at higher credit-card interest rates. This is actually a disservice to patients from what our industry is doing today. As either the healthcare up-front credit card usage or cash divert to pay will only increase outstanding credit card balances that are charged very high interest rates.

During the August 8<sup>th</sup> Reddit “Ask Me Anything” with Director Chopra regarding this NPRM, a participant specifically asked if an impact could be up-front payments. We strongly disagree with the response provided. The responses being provided by the healthcare providers is showing a strong turn toward this model. In the response, Director Chopra first stated that up-front payment is already quite common, citing payments at the pharmacy as the example, which is very different talking about what is usually a lower cost/payment commodity such as prescriptions rather than multiple medical services being provided and reconciled before billing (facility fees, physician fees, drug charges, lab charges, etc, many of which can span to several thousand dollars for an outpatient procedure). It, in fact, is NOT commonplace for up-front payment for such services. The response goes on to state that it is only not happening now because it is not feasible due to the need for insurance calculations. Again, we will point to the points we outline above, that the insurance calculations will NOT stop providers from switching to this model. The result instead will be patients needing to pay substantially more out of pocket for every service provided and instead of receiving just their final responsibility portion, the insurance companies will need to further develop reimbursement programs to send patients back their portions covered by insurance. The average American will be financially damaged by this shift and ultimately will have to look to high interest credit cards or avoid treatment all together.

Also, within the NPRM Reddit thread, Director Chopra states that benchmarking shows a current recovery rate of 25-percent and “we expect that it is unlikely that a decrease in the recovery rates of furnished medical debt would cause providers to substantially change their billing procedures.” Within this statement, Director Chopra acknowledges that this NPRM will decrease the current recovery rates and acknowledges the already low rate of recovery on accounts with outstanding balances. Basic economics state that there must be recovered monetary returns within a business above your expenses to stay in business. In turn, it is a basic concept that our hospitals and providers must receive payment for services

to be able to continue providing services. It is irresponsible to lead consumers to believe that nothing within their medical services world will change and there will not be negative impacts to them from the implementation of this bill. Most hospitals and health systems operate on extremely low margins, and even a 2-3% reduction in payments could be the difference between being able to provide services or having to close their doors or stop providing services that are losing money. Over the past few years, employers and insurance companies have shifted more of the financial burden onto consumers/patients with higher deductibles and co-pays. This trend will become even more concerning to providers if they're unable to collect the patient portion after service due to there being zero accountability to a patient failing to pay. As stated, this will lead to required payment in full at time of service. The other alternative is that providers go back to insurance companies to renegotiate contracts, requiring lower deductibles and co-pays, which will then be passed back to consumers in the form of higher premiums. The bottom line is that this action will absolutely lead to inflationary cost in medical spending through higher premiums and added interest costs.

Nowhere within the Reddit thread are there detailed answers to consumers giving them the reality of what implementation of this NPRM could truly mean for them. Of course, as consumers ourselves, the soundbite idea of medical debt never affecting our overall financial health again sounds great, but it is not accurate. Credit reporting is an important tool for consumers and lenders on both sides of the fence. It is not about punishing a consumer for medical debt that has been incurred as everyone can agree that most medical expenses are necessity, not want. What credit reporting does allow is transparency into the entire financial picture of an individual, both personally for that individual and for a lender. When both parties can see everything that an individual is faced with financially, lenders can help lead consumers to more sound financial decisions without overextending an individual with a loan total higher than what they could pay back month to month due to other expenses not represented on credit. If medical debt is pulled from credit, evidence shows that we will slowly shift that consumer debt profile into massive mortgage, line-of-credit, and car loan over-extensions, as the consumer will be unable to receive sound financial advice as to what they could comfortably pay month to month and could take on loans that far exceed their true monthly cash flow available.

The concerns can go on and on as shown by some additional key points on the economic impact that are directly from economist Dr. Andrew Nigrinis' CFPB Proposed Rule Analysis (which can be read in full here: [report](#)):

- Restricting the use of accurate information about valid debts would cause increased financing for unqualified borrowers.
- There would be decreased access to credit for credit-qualified borrowers.
- There would be an increase in difficulty in meaningfully repairing credit scores.
- The proposed rule would cause conflicting obligations on creditors under the Truth in Lending Act (TILA) and Regulation Z, particularly under the ability to repay provisions.
- There would be adverse effects if certain medical debts were excluded from underwriting decisions or consumer reports.

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- Medical providers would suffer a loss of income from non-payment of services. The loss in the first year is estimated to be \$24 billion. The estimated range for the losses over time ranges from \$82 billion to \$655 billion.
- There is a likely increase in litigation costs for medical providers to collect debts, including increased costs to consumers facing that litigation.
- There is potential to harm consumers, including those without health insurance and many in protected classes.
- There is a strong possibility of more lending of the type that precipitated the financial crises that culminated in the formation of the CFPB.
- There is a risk of health insurance markets entering a death spiral if young and healthy consumers who infrequently use health care forgo insurance due to not needing to pay for medical treatment.

H & R Accounts, Inc.'s opposition to this NPRM is not solely focused on the impact to the consumer patients. We are a network of entities providing thousands of jobs to individuals across the country. With our comments, we must also draw your attention to the impact this NPRM will have on businesses and employees across the healthcare world. As Director Chopra acknowledged within his Reddit thread, this NPRM will decrease recoveries of medical expenses across the board. Those decreased recoveries will inevitably result in the closure of small medical practitioners because they will not be able to cover their bottom lines. When you look at rural practitioners, these closures will remove or reduce proximity to care from many consumer patients resulting in them having to drive substantial distances to receive care. In emergency situations, this could mean life or death to that individual. As an employer within the space, we will be forced to examine our staff as again, reality is that businesses can only stay open when the bottom line can be covered.

In closing, we implore you to reconsider the implementation of this NPRM. There are better ways to work towards the resolution of outstanding receivables that will feed economic growth and stability for all involved rather than shutting down the current healthcare market system. Please decline the implementation of this NPRM and continue to work towards fair programs that lift both consumers and the economy.

Regards,  
H & R Accounts, Inc.