



Daniel K. Glazier
Executive Director and
General Counsel

VIA ELECTRONIC TRANSMISSION

August 12, 2024

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

Re: Docket No. CFPB–2024– 0023 or RIN 3170–AA54
Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)

Dear Director Chopra:

Thank you for the opportunity to comment on the Consumer Financial Protection Bureau’s [Notice of Proposed Rulemaking](#) (NPRM) addressing medical debt on credit reports.

LSEM provides high quality civil legal assistance and equal access to justice for low-income people, seniors, and individuals with disabilities in 21 Missouri counties. Assisting our clients in obtaining access to health care is one of our priorities. We assist clients with obtaining access to health care through Medicaid, the Marketplace, and addressing issues with the Medicare Savings Programs. LSEM has decades of experience dealing with systemic issues acting as barriers to getting and keeping coverage for eligible individuals. Protecting clients from unfair and potentially predatory credit agencies is another priority. We defend consumers who have been sued based upon medical debt. In many of these cases, consumers are sued when insurance or Medicaid should have paid most or all of the outstanding bill.

We strongly support the CFPB’s proposed rule, which will help the [15 million individuals](#) unfairly burdened by medical debt on their credit reports. Low-income individuals, people of color (specifically the Black and Latino communities), women, and those with disabilities are more likely to be impacted by medical debt. Medical debt is normally accrued due to unforeseen circumstances such as serious illness, accident, or medical emergency. Unlike other forms of debt, such as education, purchasing a home, or other large assets, this is not a financially planned decision. Individuals typically do not save money expecting it to be used to cover large medical expenses. As a result, individuals needing expensive medical treatment either do not know the amount of debt they are about to incur or are faced with the decision between taking on the debt and foregoing treatment. Once medical debt is established and reported to consumer reporting agencies, it has adverse effects on an individual’s credit, impacting their ability to obtain housing, transportation, and other common personal loans.

Medical debt is also not predictive of creditworthiness. The CFPB’s research in both the NPRM and [earlier reports](#) indicates that medical debt on credit reports does not provide added predictiveness for credit underwriting. That is why one of the two major credit scoring providers (VantageScore) stopped [considering medical debt](#) in its latest model, citing “minimal effects on predictive performance.”

Following are some examples that illustrate why this rule is needed (impact on economic wellbeing, it could be a deterrent to people seeking care only making them sicker or avoiding preventive care):

- Ms. B was unable to apply for a car loan or housing due to bad credit accumulated from medical debt being reported on her credit report. She reported feeling stuck in a system that “keeps the floor on you”. Additionally, she felt as though the situation was out of her control but still affected her reputation. With no other option, she turned to loan sharks who have interest rates marked up three hundred percent, designed for failure.
- Ms. S was harassed at work by a collection agency that was seeking repayment for a medical debt. She rents an apartment with her son to meet the credit qualifications. She would otherwise not be able to qualify for housing because of the medical debt on her credit report.

Finally, we urge the CFPB to include three additional protections in its final rule. First, the CFPB should extend the credit reporting ban to include medical debt on general-purpose credit cards and medical payment products, such as CareCredit cards. Second, the CFPB should also prohibit the inclusion of medical debt on credit reports for employment or tenant screening. Third, the CFPB should address common abuses with medical payment products, for example by prohibiting deferred interest on credit cards, prohibiting providers from issuing medical credit cards or loans to patients whose insurance covers a procedure or who qualify for financial assistance, and prohibiting services from being charged to a credit card before they are rendered.

Thank you for the opportunity to comment. If you have any questions, please contact Legal Services of Eastern Missouri.

Respectfully submitted,

Terry Lawson

Managing Attorney
Consumer Program
Legal Services of Eastern Missouri

Geoffrey Oliver

Program Director
Connecting Kids to Coverage
Legal Services of Eastern Missouri

Xavia Lamott

Legal Intern
Connecting Kids to Coverage
Legal Services of Eastern Missouri

Brianna Cummings

Legal Intern
Advocates for Family Health
Legal Services of Eastern Missouri

Hirsa Rakhel Sarafian

Legal Intern
Public Benefit Program
Legal Services of Eastern Missouri