



August 9, 2024

Director Rohit Chopra
Consumer Financial Protection Bureau
1700 G Street N.W.
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. New Jersey Appleseed Public Interest Law Center is a nonprofit, nonpartisan legal advocacy center based in Newark, New Jersey, and has been active in health care reform issues since our inception in 1998. As a founding member of the New Jersey for Healthcare Coalition, we have been working to bring guaranteed, high-quality, affordable health care to all New Jersey residents. A more recent but growing area of our work has been in the area of financial justice, where we have been working to protect New Jerseyans from predatory financial practices and products. The issue of medical debt lies at the intersection of health care access and financial justice and is, thus, an area of key concern to us.

We strongly support the CFPB’s proposed rule, because credit reporting – or the threat of it— should never be used as a collections tool. This is especially true when it comes to medical debt, which differs from other types of debt in that it tends to be incurred involuntarily and medical bills are notoriously rife with error. The proposed rule will help the 15 million individuals across the United States who are unfairly burdened by medical debt on their credit reports, approximately [1.5 million](#) of whom are in New Jersey. That burden is disproportionately distributed, with [32%](#) of New Jersey Consumers in Communities of Color having debt in

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collections compared to [16%](#) in White Communities. And, more than [2 in 5](#) New Jerseyans (36%) report that their medical debt has prevented them or someone living with them from seeking needed health-related care.

Another reason that medical debt does not belong on credit reports is that it is not predictive of creditworthiness. The CFPB's research in both the NPRM and [earlier reports](#) indicate 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."

On July 22, 2024, the [Louisa Carman Medical Debt Relief Act](#) was signed into law in New Jersey. It immediately banned the reporting of most medical debt to credit reporting agencies and voids any new debt found to be reported in violation of the law. Taking effect one year after enactment is a notice provision requiring that any debt collection communication state that the debt has not been reported and if it has, the debt is void, in order to insure that consumers are aware that they are not obligated to pay a reported debt.

Additional provisions of the law that take effect in 2025 are geared toward reducing the burden of medical debt itself by requiring that patients be offered a structured payment plan with monthly payments set at a level that the patient can reasonably afford or not more than 3% of their monthly income with a duration that allows the debt to be repaid within a reasonable time frame between six months and five years, based on the amount owed and the patient's financial capacity and subject to adjustment if the patient's financial capacity changes.

Further, the law imposes a 3% cap on the interest that can be charged on medical debt and prohibit wage garnishments for medical debt owed by NJ residents whose annual income is less than 600% of the Federal Poverty Level.

These state-level protections are a major step in reducing the exponential economic harms New Jerseyans face as a result of debt that occurred because they got sick. But there is more that could be done and we are hoping that the CFPB will adopt certain additional provisions to its final rule in a belt and suspenders approach that will provide the strongest possible protection.

We urge the CFPB to include three additional protections in its final rule.

First: Extend the credit reporting ban to include medical debt on general-purpose credit cards and medical payment products, such as CareCredit cards.

Second: Prohibit the inclusion of medical debt on credit reports for employment or tenant screening.

Third: 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 Mary Pat Gallagher at mary@njappleseed.org.

Respectfully submitted,

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