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August 8, 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. New Jersey Citizen Action is a statewide advocacy and empowerment organization that advances social, racial and economic justice for all, while also meeting the pressing needs of low- and moderate-income New Jerseyans through education and direct services.

We strongly support the CFPB's proposed rule, which will help the [15 million](#) individuals unfairly burdened by medical debt on their credit reports. In New Jersey, approximately, [1.5 million](#) residents are burdened with medical debt. Furthermore, [32%](#) of New Jersey Consumers in Communities of Color have debt in 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.

Medical debt is also 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 which immediately bans the reporting of most medical debt to credit reporting agencies and voids any new debt found to be reported in violation of the law. Additionally, implementing by July 2025 under this legislation, New Jersey consumers must be notified through collection communications of their protections against reporting violations so no one pays a debt no longer owed; Interest rates on medical debt will be capped at 3%; Wage garnishments for medical debt will be banned for residents up to 600% FPL; and parameters have been established for reasonable payment plans between patients and providers. These state-level protections take a big step in reducing the exponential economic harms New Jerseyans face as a result of debt that occurred because they got sick. To ensure the strongest financial protections, our

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residents need a belts and suspenders approach that includes not only state but federal reforms as well.

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 Laura Waddell at Laura@NJCitizenAction.org.

Respectfully submitted,



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