

August 9th, 2024

Via Electronic Submission Only:

www.regulations.gov

Re: Request for Public Comment, Docket No. CFPB-2024-0023

Dear Director Chopra

On behalf of our millions of constituents, Undue Medical Debt respectfully submits comments on the **Request for Public Comment on the Proposed Rule: Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V), Docket No. CFPB-2024-0023**. [Undue Medical Debt](#) is a national nonprofit organization committed to lifting the burden of medical debt for millions of people nationwide. Our unique model combines the generosity of donors with debt industry expertise to abolish medical debt, mitigating significant financial and mental distress for millions of people. Through our work, we also seek to bring attention to the negative impacts caused by medical debt, distill its causes through applied research, and ultimately use these findings to change public policies and drive practice improvements.

Undue Medical Debt (Undue) supports the CFPB's proposed rule to ban medical bills from certain credit reports. The CFPB's own research shows medical debt is not a good predictor of creditworthiness, and using it as such disproportionately impacts Black communities, people with disabilities, and other historically marginalized groups.^{1,2} This is an important step in mitigating these harms and the harms for millions across the country, and we are excited to see where these changes lead. Our constituents routinely share how medical debt impacts their credit reports (and as a result, both their physical and mental health); they also share stories of how seeing medical debt removed from the credit reports after debt abolishment can have a tremendous positive impact on their lives. We offer a few stories below:

"RIP medical debt cancelled a major medical bill that was on my credit which helped me buy my first house!"

Amount abolished: \$1,453.64

Race: White

Gender: Female

Age: 26-34

"I am grateful to have had help from this program to get my medical bill paid. It was such a big help and will improve my credit score with this debt paid off. Thank you guys so much, I hope it helps many other people who are struggling financially to pay their medical bills as well."

¹ Consumer Financial Protection Bureau, Office of Research. (2014, May 20). *Data point: Medical debt and credit scores*. https://files.consumerfinance.gov/f/201405_cfpb_report_data-point_medical-debt-credit-scores.pdf.

² Consumer Financial Protection Bureau. (2022, February). *Medical Debt Burden in the United States*. https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf.

Amount abolished: \$1,432.39
Race: Hispanic or LatinX
Gender: Male
Age: 18-25

“This was a very nice surprise! As a low - income family we are constantly trying to repair our credit, and this has helped tremendously!”

Amount abolished: \$234
Race: White
Gender: Male
Age: 45-54

“NOBODY BUT GOD!!! I truly appreciate and thank you all for this forgiveness! I was looking and looking at my credit report saying Lord how! How will I pay this off now look at God, you all though enough of me to pay my medical debt. I truly thank you from the bottom of my heart. Home ownership is looking better for me and my family.”

Amount abolished: \$248.29
Race: Black or African American
Gender: Female
Age: 45-54

Some parties have expressed concern that banning medical debt from credit reports would encourage people to not pay their bills. We know from our own research that people *want* to pay their medical bills; indeed, they often make difficult trade-offs to pay what they can, but high costs, additional unexpected medical bills, and unbalanced cost-sharing leave many in an unmanageable situation.³ Additionally, previous voluntary decisions by the ‘Big Three’ credit reporting agencies to stop reporting medical debt under \$500 does not appear to have led to more unpaid bills.⁴ Removing medical debt from credit reports simply codifies these voluntary changes and brings reporting in line with what we already know from the data—medical debt is a poor predictor of creditworthiness and should not be included in those types of decisions.

Still, the proposed rule could go further. As currently written, it bans the use of medical debt on credit reports for financial lenders but not for things like employment and tenant screening. We know medical debt is a poor predictor of creditworthiness, so it follows that it would be an even less accurate predictor of someone’s fitness for a job or apartment. A full ban on including medical in credit reports would mean millions nationwide would have an easier time getting a mortgage, buying a car, and even getting a job— all things medical debt should never have an impact on in the first place. No one should struggle to find a place to live or get a job simply because they got sick or were in an accident.

Finally, erasing medical debt from credit reports does not eliminate the problem of medical debt itself—and to tackle the problem, we must know its scale. Unfortunately, as things currently stand

³ Undue Medical Debt. (2023, July). *Insurance Alone is Not Enough*. https://unduemedicaldebt.org/wp-content/uploads/2023/03/INSURANCE_ALONE_IS_NOT_ENOUGH.pdf.

⁴ Consumer Financial Protection Bureau, Office of Research. (2024, May 16). *Early impact of removing low-balance medical collections*. <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-early-impacts-of-removing-low-balance-medical-collections/>.

medical debt on credit reports is one of the best proxies we have for estimating the extent of debt across the country. Undue encourages the CFPB to call for an alternative way to access more accurate data. We do not know the true extent of the medical debt crisis because many of these debt wind up hidden on credit card balances, second mortgages, predatory payday loans, on kitchen counters— parsed out and tucked away wherever people can find a few dollars to pay down their bills. The CFPB and other federal agencies could leverage existing data collection efforts such as the Medical Expenditure Panel (MEPs) or the National Health Interview Survey (NHIS) and build off existing questions to gain a deeper understanding of the prevalence of medical debt across the United States. Removing medical debt from credit reports is a win for patients, but it is *not* a cure. We must commit to making sure medical debt is not hidden from view.

Banning credit reporting is an important step in mitigating the harms of medical debt. We applaud and strongly support the CFPB's proposed rule and encourage them to take efforts further by completely banning medical debt from appearing on credit reports.

