

Consumer Advisory Board Presentation: Medical Debt Abuses

April 2022

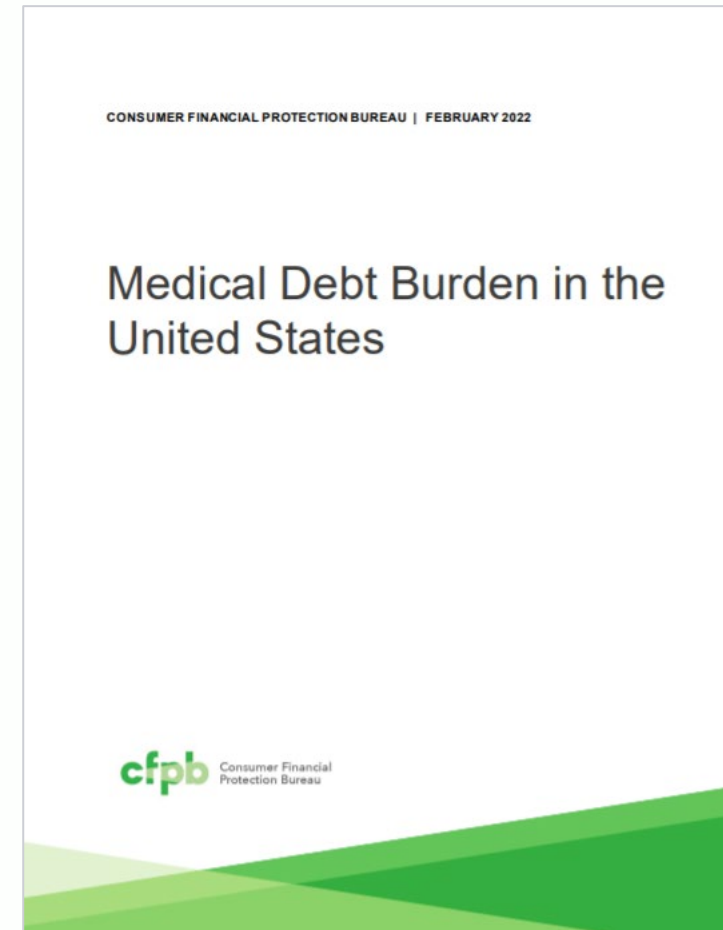


Consumer Financial
Protection Bureau

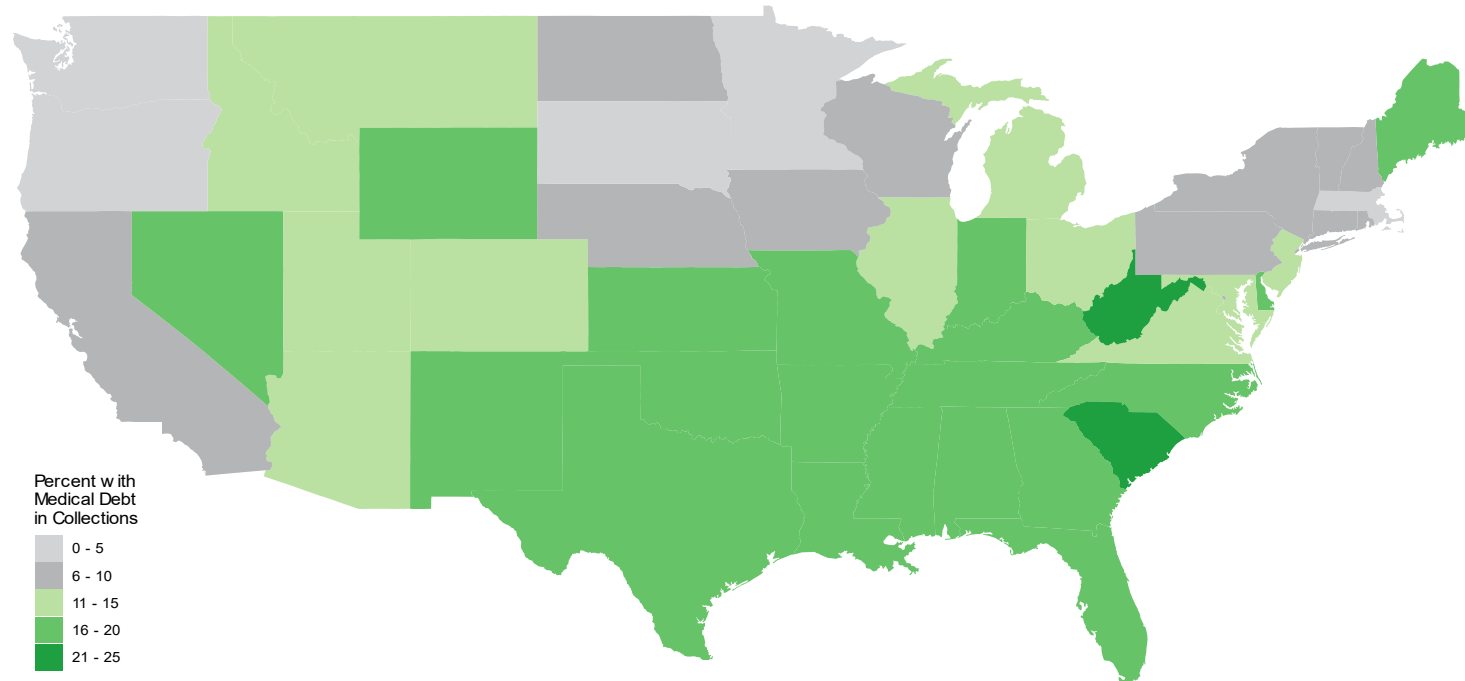
On March 1, 2022, the CFPB released a market report on medical debt collections and reporting.

Four sections:

1. Medical Debt Landscape
1. Adverse Impacts of Medical Debt
2. COVID-19 Impacts
3. Legislative and Regulatory Developments

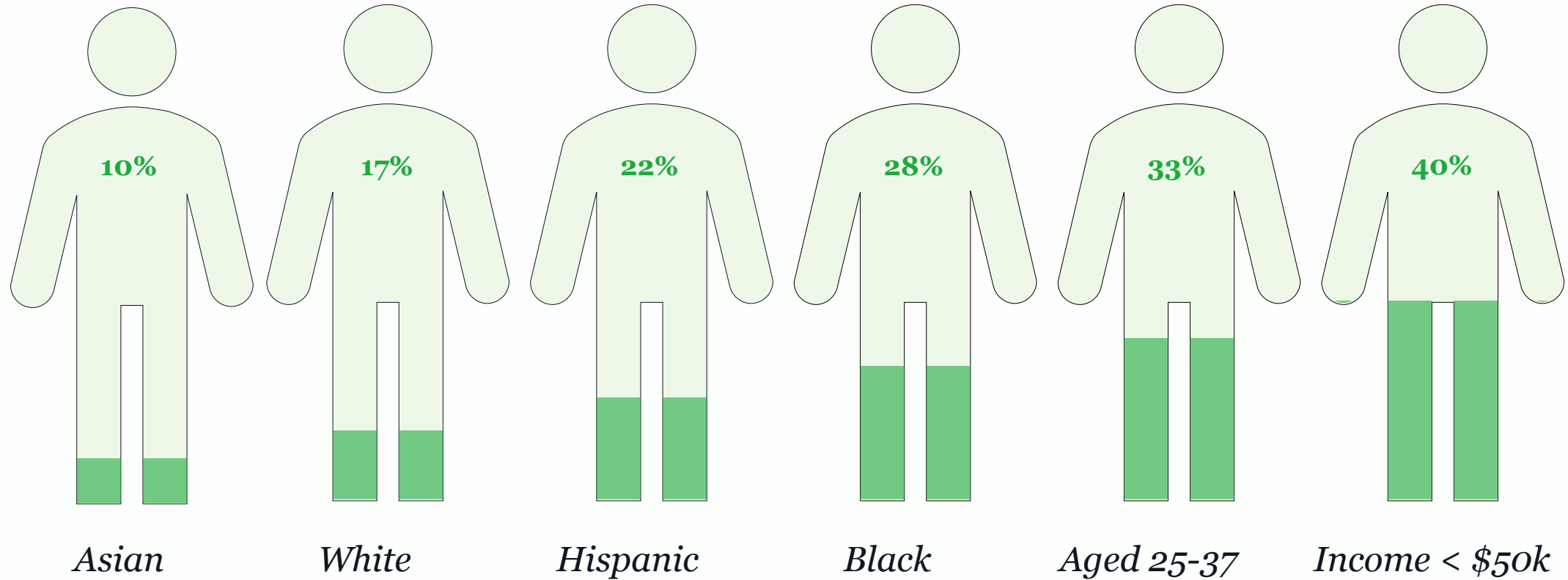


The report used the CFPB's Consumer Credit Panel to estimate the scale of medical debt in collections on credit reports.



- \$88 billion in medical debt collections
- 58% of all collections tradelines
- Median balance of \$310
- 62 percent were under \$490

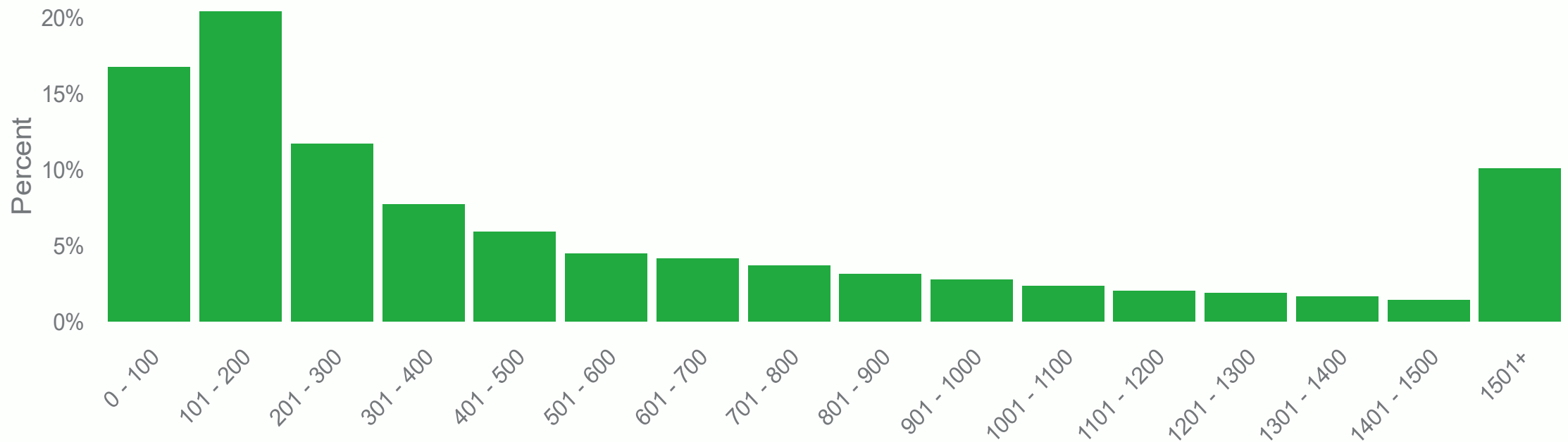
The report cites research showing that some demographic groups have higher rates of medical debt.



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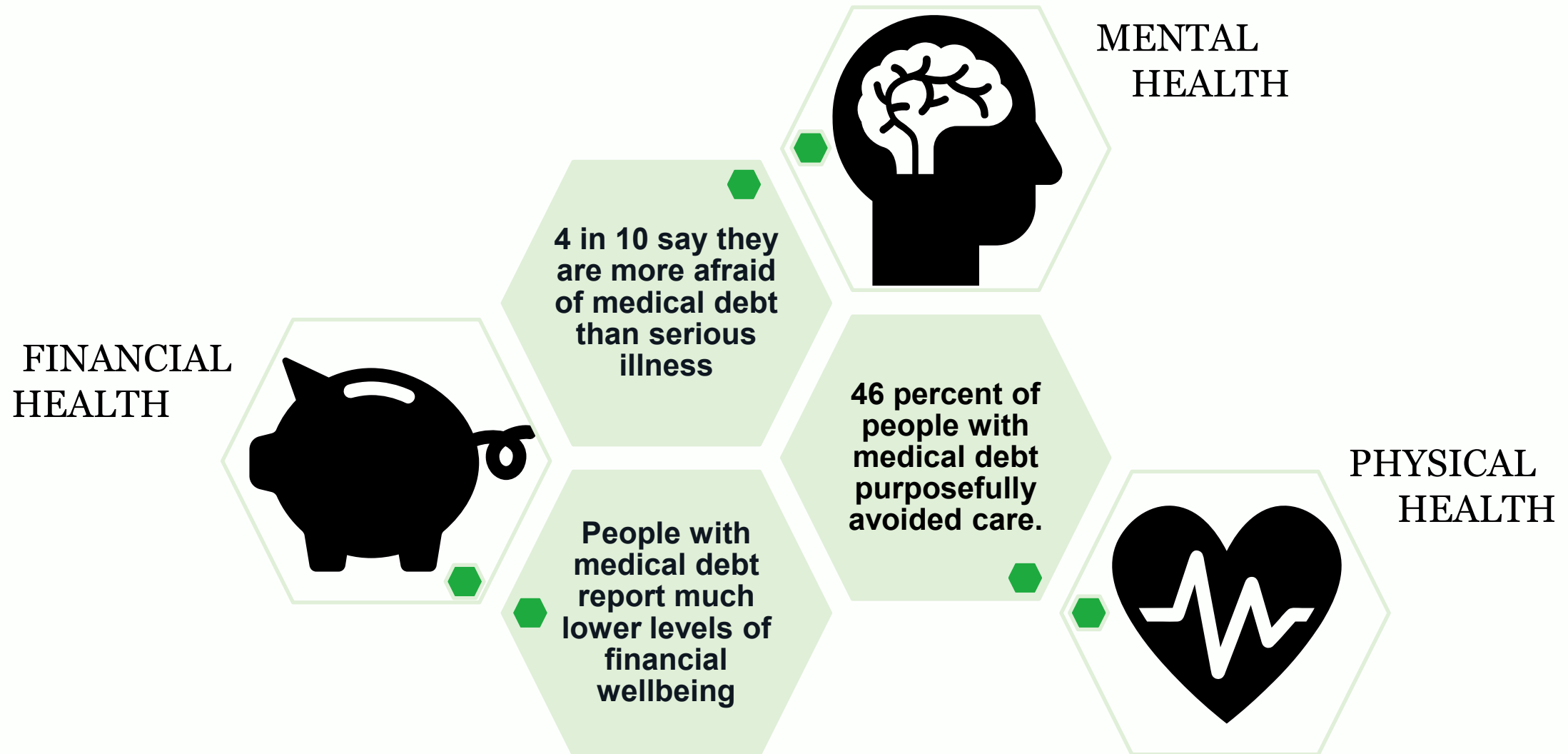
In 2020, the median medical collection was \$310, and 62 percent of medical collections were under \$490.

Medical Collection Balances on Consumer Credit Reports, 2020 (in Dollars)



Source: CFPB CCP.

The report also describes the adverse impacts of medical debt on consumers.



The COVID-19 pandemic has magnified medical debt concerns.

- Half of all people affected by COVID-related hardships had medical bill or medical debt problems in the last year.
- Uninsured patients may avoid seeking COVID-19 testing and care out of fear of medical debt.
- People of color are more vulnerable to COVID-related medical debt.
- 72% of insurers have stopped waiving deductibles, copays & coinsurance costs for COVID-related care.

The report identifies action items on medical debt.

The CFPB intends to:

- Hold credit reporting companies accountable for accurate medical debt information.
- Support the work of HHS to ensure patients are not billed amounts that violate the No Surprises Act.
- Facilitate access to financial assistance programs.
- Conduct additional research on medical debt.
- Investigate eliminating unpaid medical billing data on credit reports altogether.

After the report's publication, the three nationwide CRAs announced changes to medical debt credit reporting.

- Equifax, Experian, and TransUnion announced they will:
 - Extend the waiting period before furnishing medical debt from 180 days to one year (effective July 2022).
 - Remove medical debts paid by consumers (effective July 2022).
 - Stop reporting medical debts under \$500 (effective 2023).

Thanks for attending! Questions?