

Medical Debt Webinar

Thursday, July 28, 2022



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Protection Bureau

Disclaimer

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Findings from Recent CFPB Report, “Medical Debt Burden in the United States”

Presenter: Aarthi Kannan

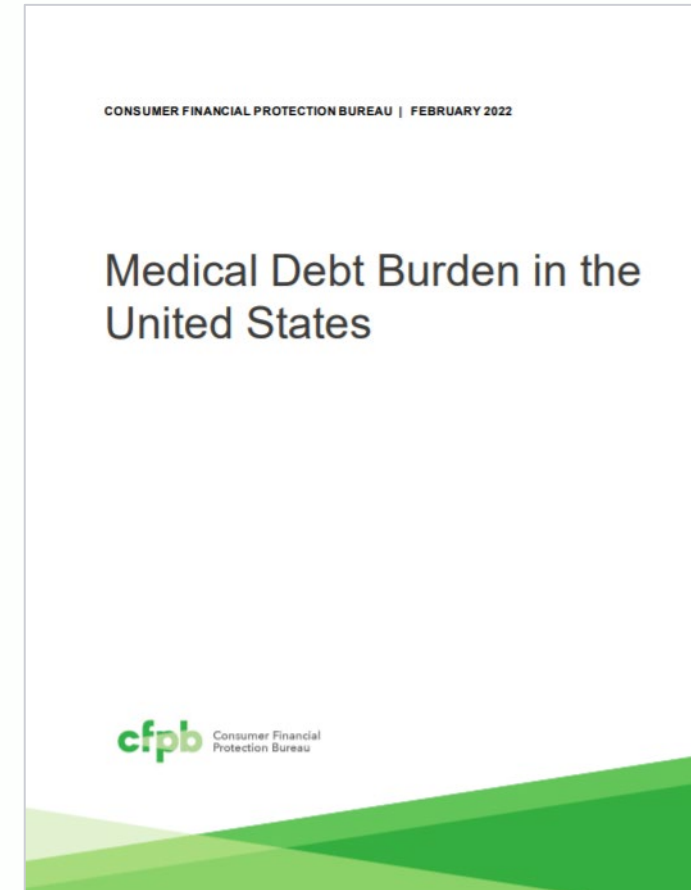


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On March 1, 2022, the CFPB released a market report on medical debt collections and reporting.

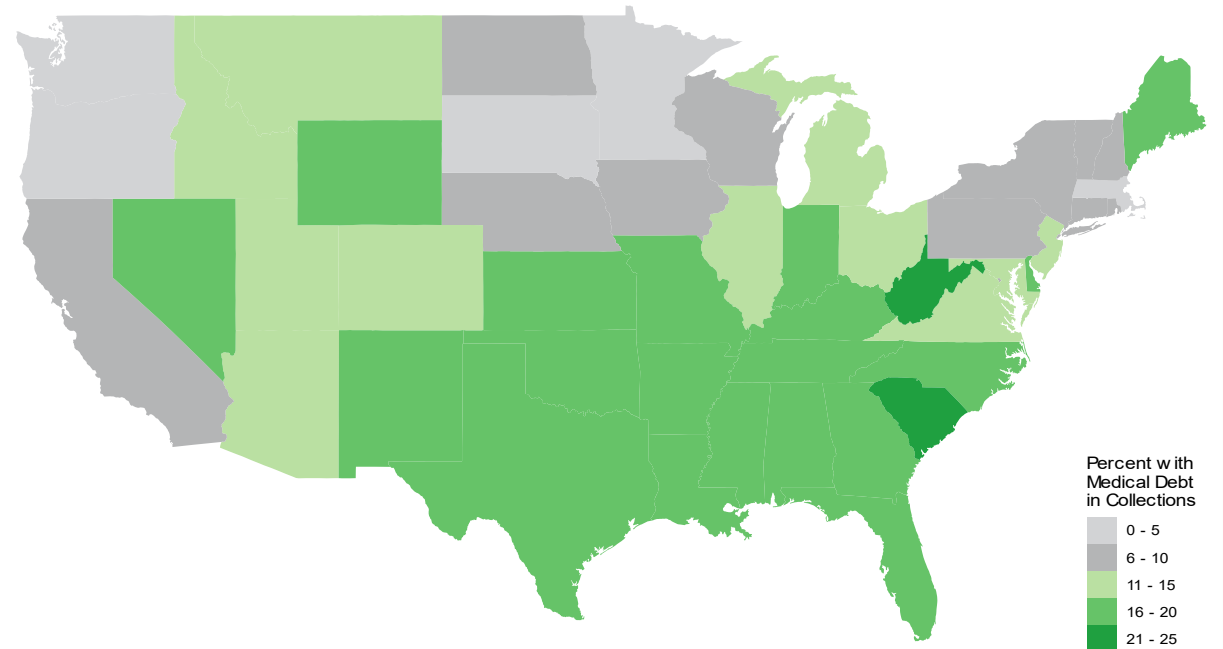
Four sections:

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



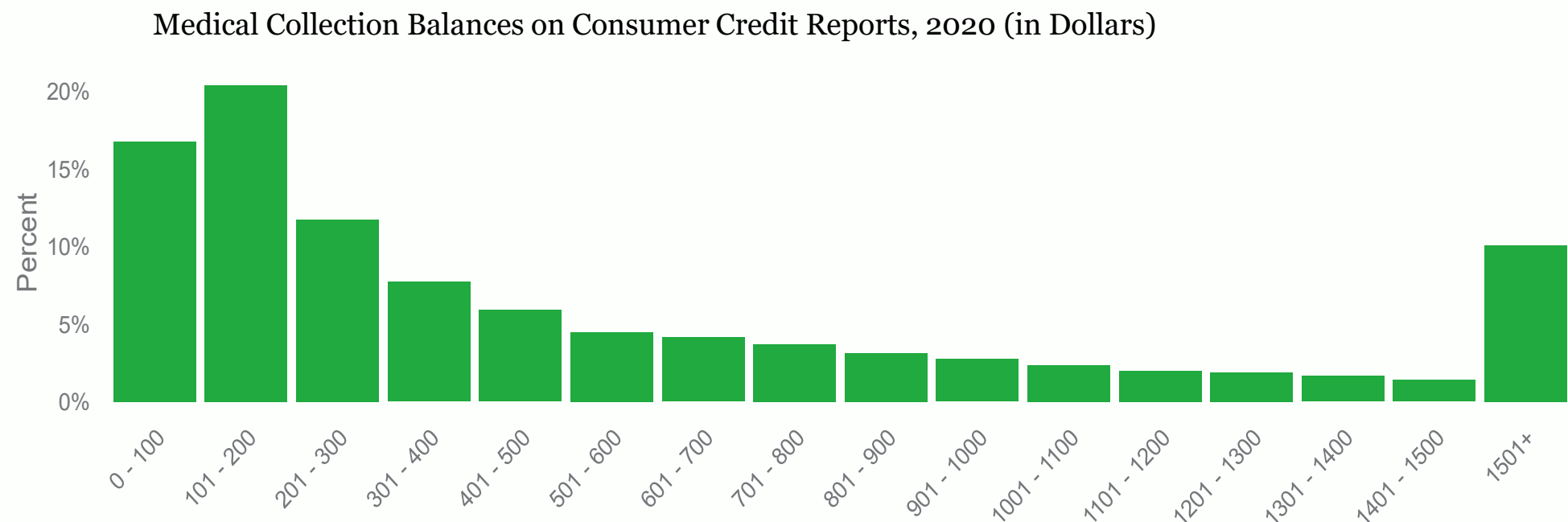
The report used the CFPB's Consumer Credit Panel to estimate the scale of medical debt in collections on credit reports.

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



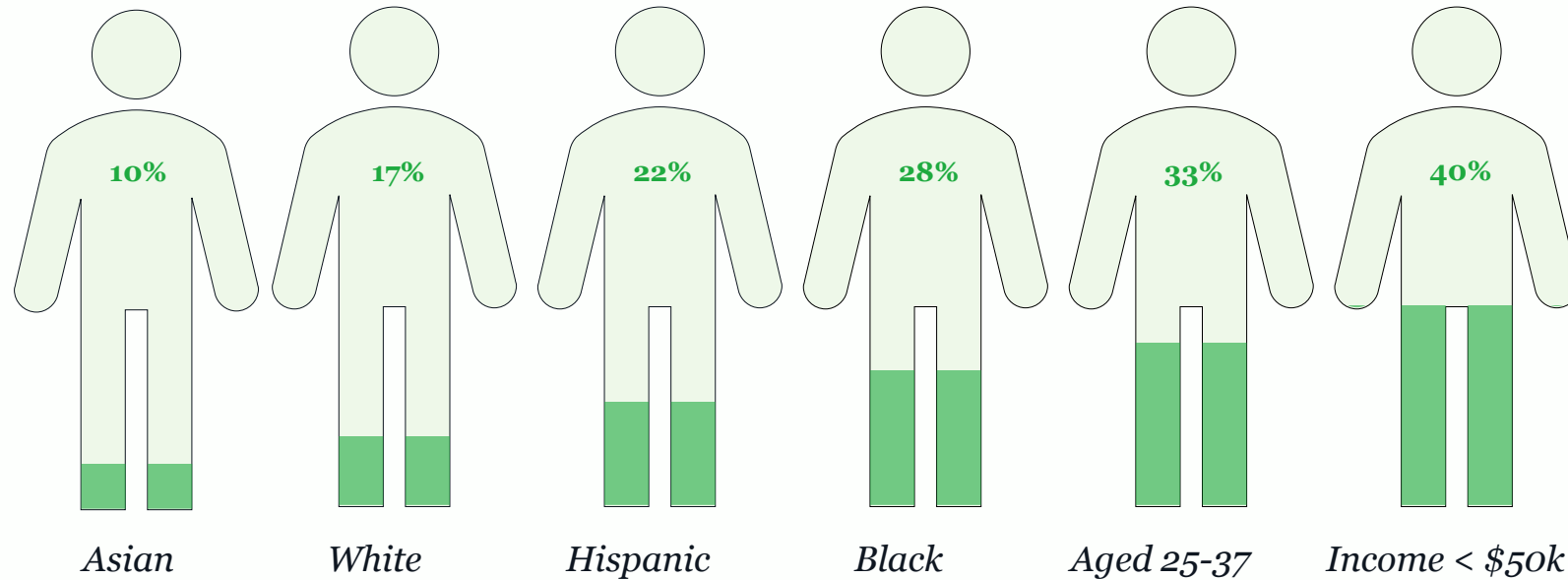
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In 2020, the median medical collection was \$310, and 62 percent of medical collections were under \$490.



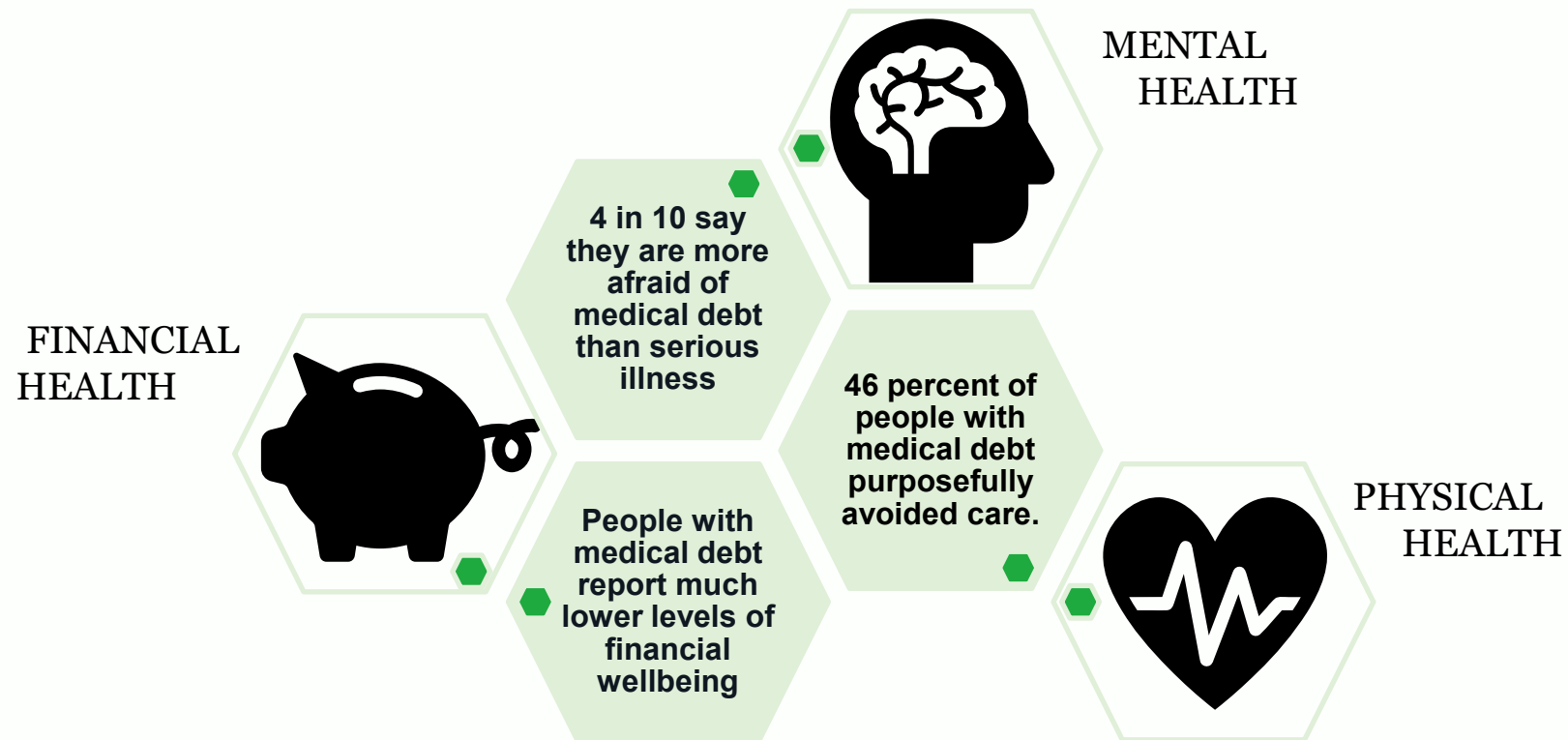
Source: CFPB CCP.

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



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



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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.



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Forthcoming Medical Debt Credit Reporting Policy Changes Announced by NCRAs

Presenter: Aarthi Kannan



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In March 2022, 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).

Questions?

Thank you for listening!



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Paid and Low-Balance Medical Collections on Consumer Credit Reports

Lucas Nathe | Office of Research

July 2022

The bottom of the slide features a decorative graphic consisting of several overlapping, semi-transparent green polygons. These shapes create a layered, mountain-like effect that spans the width of the slide, with varying shades of green from light to dark.

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Yesterday the CFPB released a consumer credit trends report on the potential impact of the national credit reporting company changes in medical collection reporting.

The Report Covers:

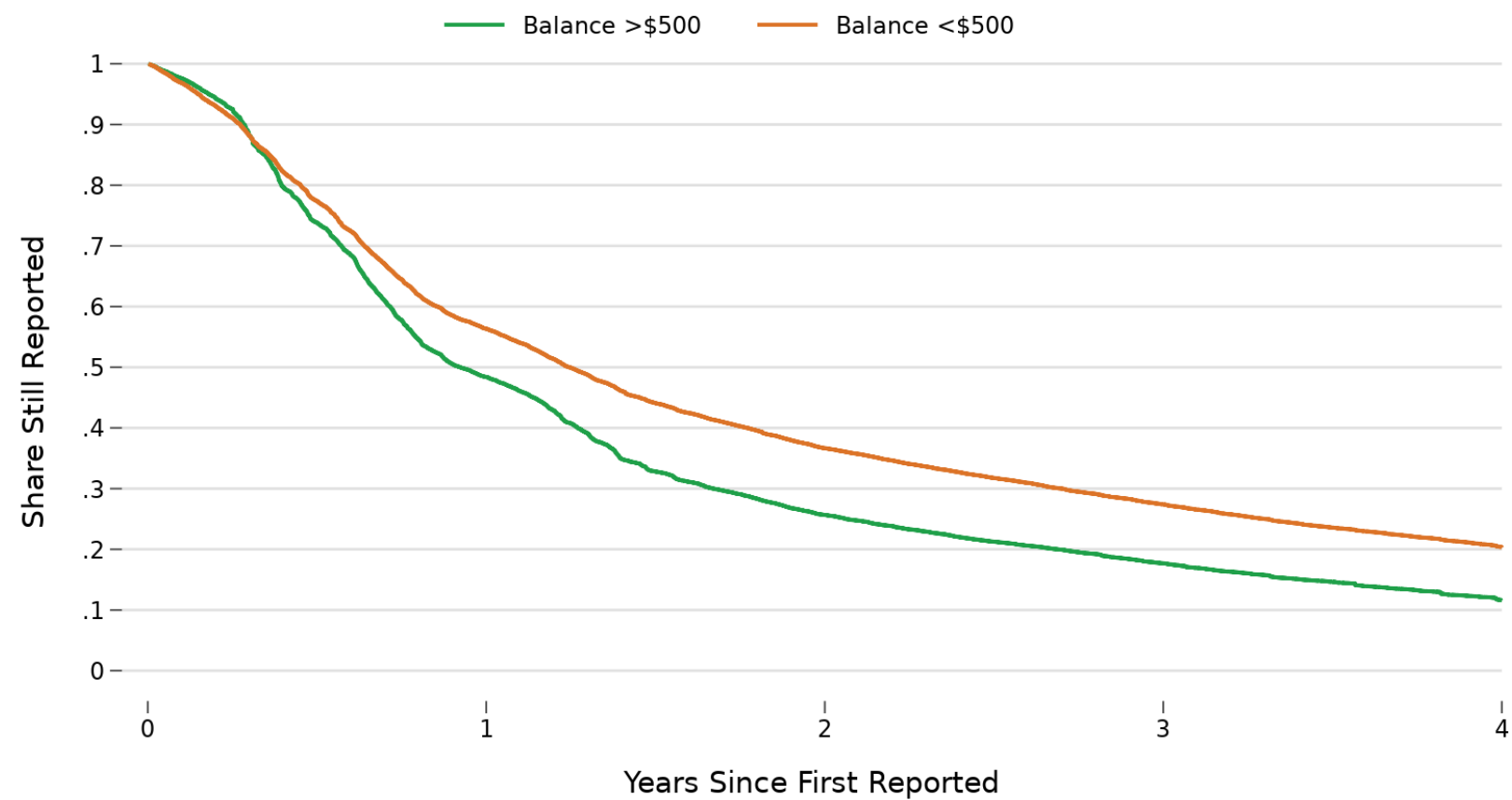
1. Characteristics of consumers with reported medical collections
2. Persistence of Medical Collections on Credit Reports
3. Medical Collections Likely to Be Removed

Paid and Low-Balance Medical Collections on Consumer Credit Reports

Characteristics of consumers with reported medical collections

Characteristic	All	Initial Balance Less Than \$500	Ever Paid
<i>Consumer Characteristics Quarter Before Medical Collection Reported</i>			
Credit Score	573	579	619
At Least One Credit Card (Percent)	56.8	61.4	81.6
At Least One Auto Loan (Percent)	55.4	59.2	73.5
At Least One Medical Collection (Percent)	75.3	74.0	59.7
At Least One Non-Medical Collection (Percent)	52.7	51.2	35.6
No Other Tradelines (Percent)	1.1	1.5	0.8
<i>Characteristics of Medical Collection</i>			
Ever Had Dispute Flag (Percent)	5.7	4.7	7.9
Score Change After Collection Appears	-12	-12	-17
Ever Paid (Percent)	2.6	3.4	100.0
Reporting Lag (Days)	141	154	128
Time on Credit Report (Days)	512	530	880

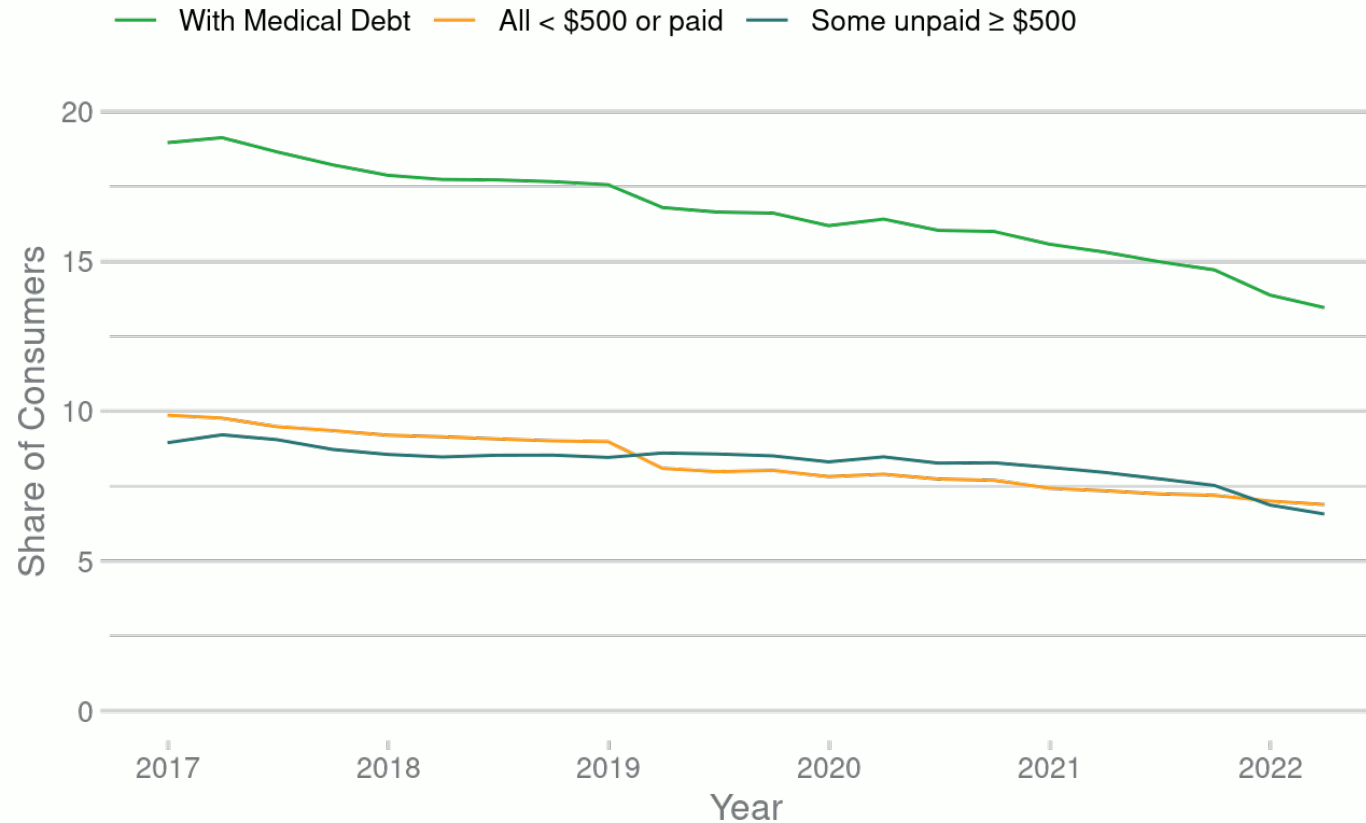
Persistence of Medical Collections on Credit Reports



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Sensitive and pre-decisional. Not for public distribution.

Medical Collections likely to be Removed in the Next Year



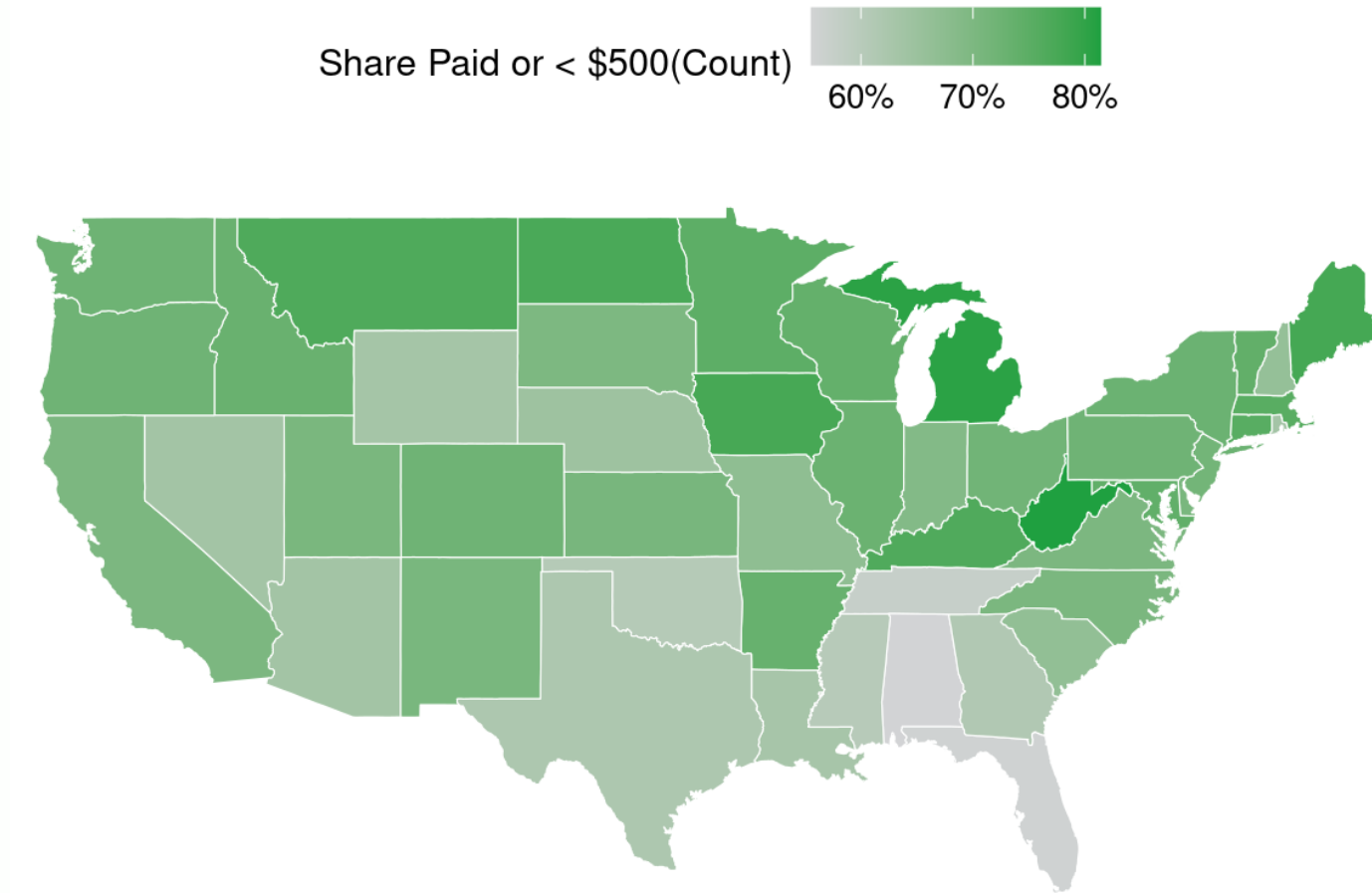
Source: CCP.



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Medical Collections likely to be Removed in the Next Year



Medical Collections likely to be Removed in the Next Year

Consumer Census Tract is...	Share of Consumers (%)			
	In CCP	With Med. Collections	At Least One Med. Collection Removed	All Medical Collections Removed
Majority Black	6.2	10.5	10.1	9.9
Majority Hispanic	10.0	11.9	11.1	11.2
Majority White	75.7	70.9	72.4	72.3
Majority Other or No Majority	8.1	6.6	6.4	6.6
Median Income \$0 – \$40K	13.1	21.6	20.8	19.8
Median Income \$40K– \$60K	29.7	37.9	38.0	36.9
Median Income \$60K– \$90K	33.0	28.7	29.3	30.1
Median Income \$90K+	23.3	11.6	11.7	13.0

More info on [consumerfinance.gov](https://www.consumerfinance.gov)

- Our full report on paid and low balance medical collections can be found at <https://www.consumerfinance.gov/data-research/research-reports/paid-and-low-balance-medical-collections-on-consumer-credit-reports/>



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Questions?

Thank you for listening!



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Required Financial Assistance Programs for Hospitals

Presenter: Eric Wilson



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Background on required financial assistance programs for hospitals

1. What is “required financial assistance”?
2. Who is *eligible* for these programs?
3. Who *receives* financial assistance through these programs?



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What is “required financial assistance”?

- Community benefit: Medical care that is provided for free or at a discount to patients who cannot afford to pay
- Provision of financial assistance is mandatory for nonprofit hospitals in order to maintain the tax and other financial benefits that come with nonprofit status
- Federal law requires nonprofit hospitals to communicate their policies for financial assistance

Who is eligible for financial assistance programs?

- Federal law does not specify the criteria hospitals should use to determine who is eligible for financial assistance
- State law eligibility requirements vary widely, but many are based on the federal poverty level

Who is eligible for financial assistance programs?

<u>Income Criteria</u>	
<u>Income as a Percentage of HHS Poverty Income Guidelines</u>	<u>Percentage of Charge Paid by Patient</u>
less than or equal to 200%	0%
greater than 200% but less than or equal to 225%	20%
greater than 225% but less than or equal to 250%	40%
greater than 250% but less than or equal to 275%	60%
greater than 275% but less than or equal to 300%	80%
greater than 300%	100%

Example: New Jersey income criteria for financial assistance eligibility, which use federal poverty guidelines to determine discount rates



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Who receives financial assistance through these programs?

- Not much evidence available, but what exists suggests that not all patients who are eligible for financial assistance receive it
 - While federal law mandates these programs, enforcement is not systematic at the federal level
 - State attorneys general have filed lawsuits alleging insufficiency in financial assistance programs
- Of those who do receive financial assistance, evidence suggests a strong gender imbalance

More info on consumerfinance.gov

- Our full discussion of financial assistance programs can be found online in the Research Hub section of www.consumerfinance.gov
- In it, we go into more detail on the points presented here, including
 - Funding mechanisms
 - Policies aimed at improving the reach of financial assistance programs
- We expect to release more research on financial assistance, as well as other areas where the health system affects consumers' finances

Questions?

Complaint Bulletin

Medical billing and collection issues described in consumer complaints



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Consumer Complaint Process



Complaint
submitted



Route



Company
response



Complaint
published



Consumer
review



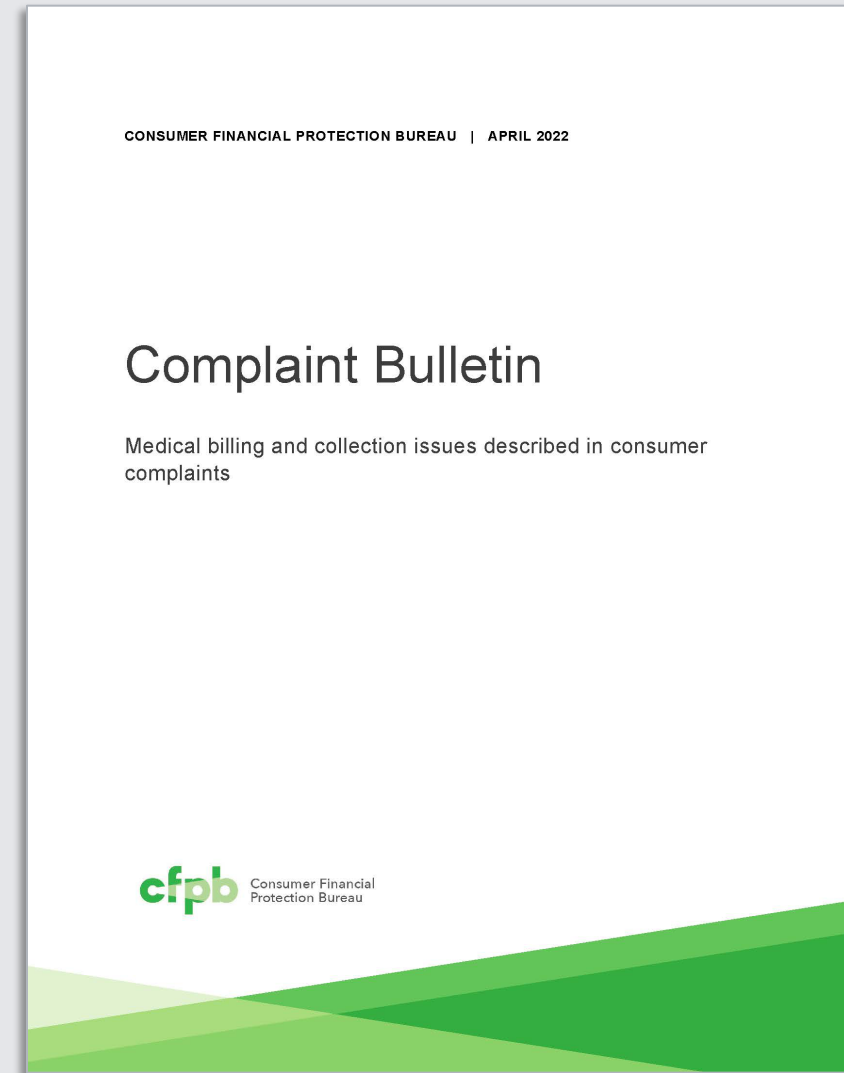
Analyze
and report



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Complaint Bulletin on medical billing and collection issues published in April 2022.

- [Report available](#) on consumerfinance.gov under Reports.



Medical billing and collection issues



Debt Collection

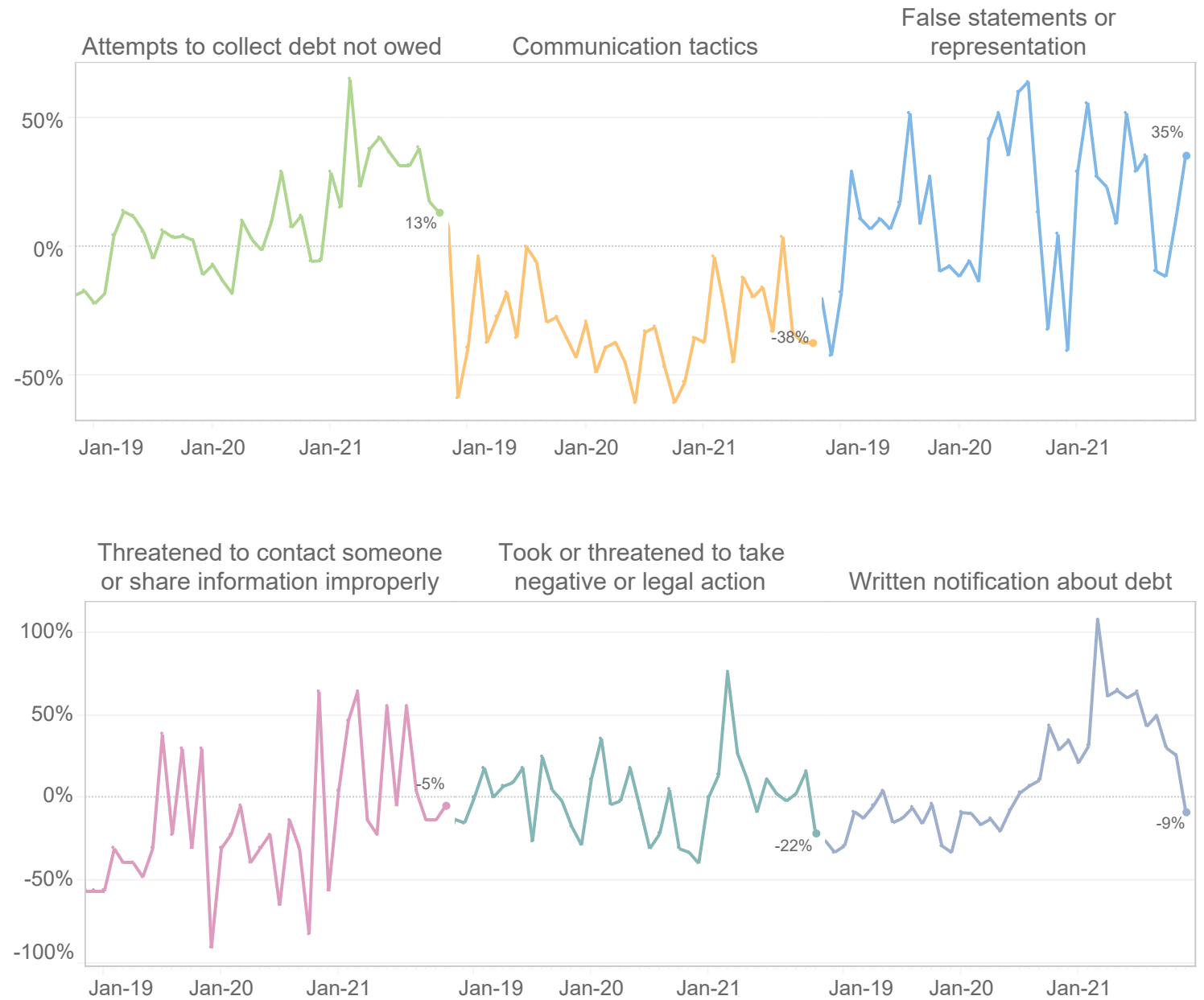


Consumer or credit
reporting

Debt collection complaints about medical debt by issue



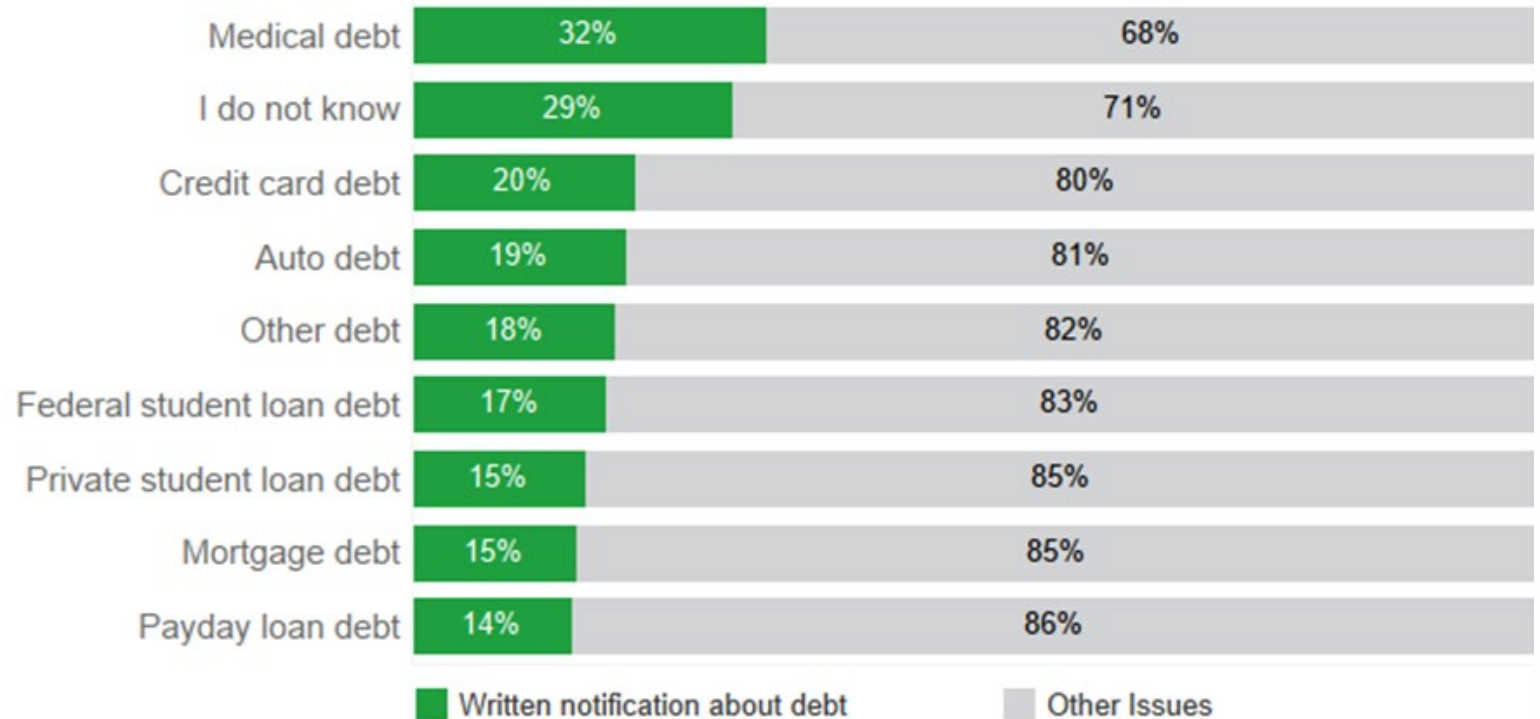
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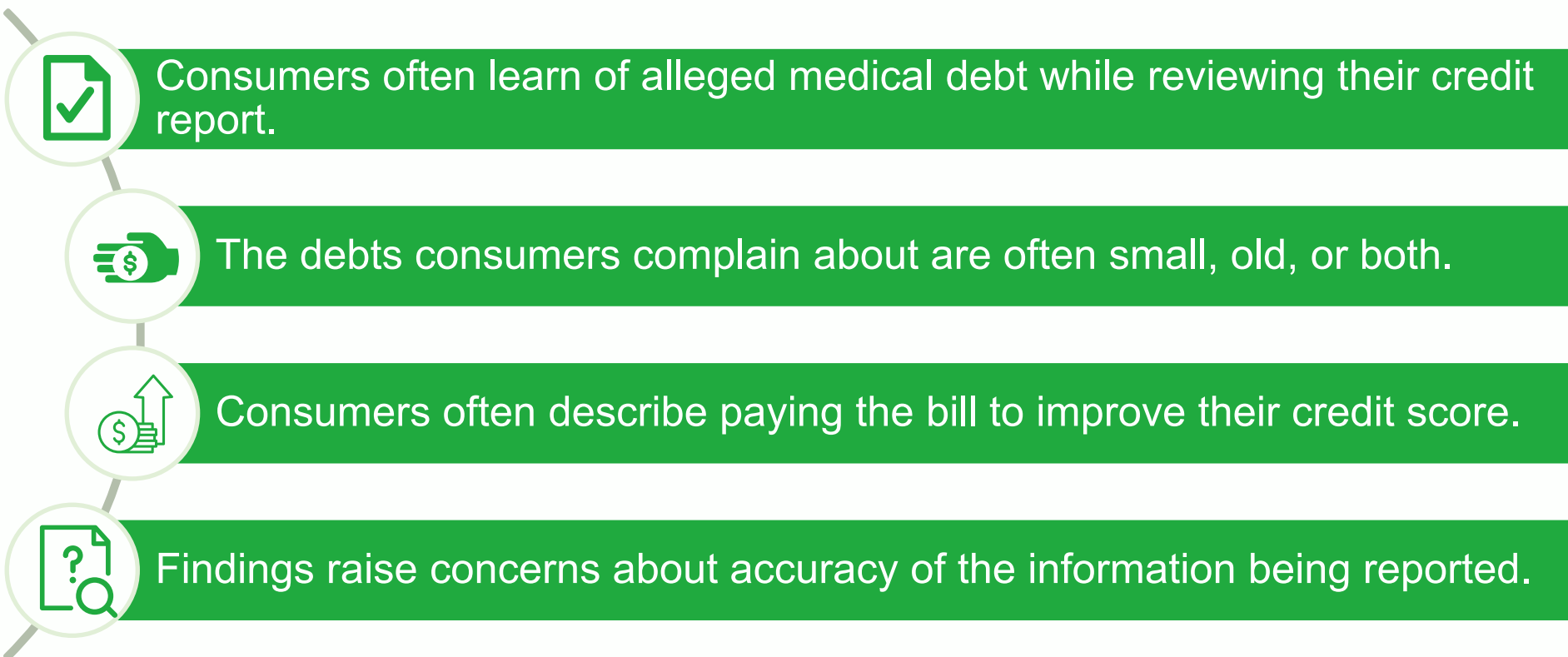
Written notifications about medical debt

Consumers describe a variety of issues with written notices:

- Not enough information
- Unfamiliarity with company names
- Too much personal information



Credit reporting findings



Consumer Complaint Database

The screenshot shows the official website of the Consumer Financial Protection Bureau (CFPB) at consumerfinance.gov. The page features a navigation bar with links for various services and a search bar. The main heading is "Consumer Complaint Database", followed by a brief description: "Explore our database of financial product and service complaints to see how companies respond to consumers. View trends, see maps, read complaints, and export the data." Below this, there are three circular icons representing different data exploration methods: "Explore data" (a grid icon), "Get data" (a laptop icon), and "Read reports" (a Capitol dome icon). Each icon is accompanied by a short description and a link to further explore the data. On the right side, there are two sections: "ABOUT THE DATA" and "COMPLAINT VOLUME", both providing additional context and links to related information.

consumerfinance.gov

An official website of the United States government

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cfpb Consumer Financial Protection Bureau

Search Submit a Complaint

Consumer Education Rules & Policy Enforcement Compliance Data & Research News

Consumer Complaint Database

Explore our database of financial product and service complaints to see how companies respond to consumers. View trends, see maps, read complaints, and export the data.

Explore data

View, filter, map, and read complaint data right in your browser.

[Explore data and trends](#)

[Read complaints](#)

Get data

All complaint data we publish is freely available for anyone to use, analyze, and build on.

[Download complaint data](#)

[Use the complaint data API](#)

Read reports

Each spring we report to Congress on complaint trends from the prior year.

[Read 2020 annual report](#)

[Browse other complaint reports](#)

About the database

ABOUT THE DATA

Complaints that the CFPB sends to companies for response are published in the Consumer Complaint Database after the company responds, confirming a commercial relationship with the consumer, or after 15 days, whichever comes first.

[Learn how the complaint process works](#)

COMPLAINT VOLUME

Consider company and market size and population information when viewing complaint data and trends.

[How we use complaint data](#)

How to submit a complaint

- If you have a question or want to submit a complaint over the phone, you can call us. We can serve consumers in more than **180 languages**.
- Call: (855) 411-2372
- TTY/TTD: (855) 729-2372
- 8 a.m. to 8 p.m. ET, Monday through Friday (except federal holidays).