

United States Senate
WASHINGTON, DC 20510

June 25, 2021

Dave Uejio
Acting Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Acting Director Uejio,

COVID-19 has left many Americans unemployed, newly uninsured, and potentially facing long-term expensive health care costs following a COVID-19 diagnosis for themselves or loved ones. While the COVID relief packages passed by Congress have helped to defray some of these costs through financial subsidies and coverage for COVID-19 vaccines and testing, consumers are still paying associated health costs for treatment of the disease. For those Americans who sought treatment out of their networks, they may bear the full cost of their COVID-19 treatments.^[1]

We are writing today to ask the Consumer Financial Protection Bureau (CFPB) to review the issue of consumer debt for medical care and take expansive actions within the agency's authority to protect consumers from expanding rates of collection and the egregious practices often associated with these collections. The COVID-19 pandemic highlighted the many cracks that remain in our health care system into which people fall, sometimes plummet, regarding debt incurred for their health care. As recently as a few weeks ago, a news outlet reported that a major hospital sued thousands of patients while the pandemic was ravaging their families and livelihoods. It is timely to reexamine the burden of medical consumer debt.

In 2014,^[2] the agency issued a report about the medical care debt issue and noted nearly half of collection credit report categories are for consumer medical debt. The report noted that often individuals do not know they owe the debt given they have health insurance or they do not recognize the provider's name on the bill. It is also possible that debtors are unaware of the debt as they have not received letters due to relocations or telephone calls as their phone numbers may change or service terminated. Further, the University of Connecticut Health Disparities Institute published a report indicating that credit agencies often pursue the wrong debtor. Also, for some consumers, it can take months to finalize medical bills and know which charges are accurate and whether the insurance carrier has already paid a provider.

^[1] Jayakumar, A, Brace Yourself for COVID-19 Medical Bills. 4/13/21. MarketWatch.

^[2] Consumer Financial Protection Bureau. "Consumer credit reports: A study of medical and non-medical collections." Dec 2014. https://files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf

According to the U.S. Census Bureau, 19 percent, nearly one in five Americans, cannot afford to pay medical care up front.^[3] Sadly, this figure differs by whether a household has children under the age of 18, with those reporting children being more likely to carry debt at 24.7 percent compared to 16.5 percent for households without children. And it is no surprise that reported medical debt is disproportionately distributed based on socioeconomic status, demographic characteristics, and health-related issues. As noted earlier, COVID-19 has only exacerbated these disparities.

Nationally, we hear heartbreaking stories of patients who have lost their homes, had their wages or state tax refunds garnished, or faced arrests because of an unpaid medical bill, in some instances amounting to as little as \$28.^[4] The CFPB's 2014 report notes that nearly one-fifth of the consumers with medical debt collections have their credit reports impacted despite the median unpaid medical debt being \$207 and the average \$579. Further, a 2019 report indicated that in the second quarter of 2018, 58 percent of third-party collections were for medical debt.^[5] Surely for these low debt burdens we can do better for Americans.

We urge your agency to revisit this issue of medical debt as being reported for delinquency can have long-lasting implications for a person's economic security, such as the ability to obtain loans for housing and cars. To that end, we urge you to consider the following actions:

- Prohibit all furnishing of medical debt collection items to credit reporting agencies, or, at a minimum, prohibit reporting medical debts to the credit reporting agencies for the first year to give consumers time to resolve any insurance coverage or billing disputes or apply for financial assistance;
- Require debt collectors to disclose in their communications with patients any applicable financial assistance, charity care programs, as well as potential coverage such as Medicaid and the Affordable Care Act plans;
- Work with the Internal Revenue Service to issue a Frequently Asked Questions regarding the Affordable Care Act charity care provisions to remind collectors that false or misleading statements related to the patient's eligibility for financial assistance, charity care or other assistance violates the *Fair Debt Collection Practices Act*;
- Require debt collectors to refrain from collecting or reporting if individuals note they are appealing an insurance coverage denial, disputing the provider's billing, or applying for financial assistance;
- Limit the number of collection calls placed per consumer. The current call limit of seven calls in seven days per account in collection is harmful to consumers. Some individuals have multiple medical debts in collections as each hospitalization or procedure can

^[3] Bennett, N., Eggleston, J., Mykyta, L. & Sullivan, B. 19% of U.S. Households Could Not Afford to Pay for Medical Care Right Away. United States Census Bureau. April 2021.

^[4] Presser, L. "Welcome to Coffeyville, Kansas, where the judge has no law degree, debt collectors get a cut of the bail, and Americans are watching their lives — and liberty — disappear in the pursuit of medical debt collection." ProPublica. Oct 2019. <https://features.propublica.org/medical-debt/when-medical-debt-collectors-decide-who-gets-arrested-coffeyville-kansas/>

^[5] Consumer Financial Protection Bureau, Market Snapshot: Third-Party Debt Collections Tradeline Reporting, July 2019. https://files.consumerfinance.gov/f/documents/201907_cfpb_third-party-debt-collections_report.pdf

generate multiple bills that can result in separate accounts in collection. This multiplies the number of permissible calls;

- Conduct additional analysis of medical debt complaints received and include the findings in a new section for future Consumer Response Annual Reports; and
- Issue a report with comprehensive data to aid researchers and policymakers in understanding medical debt collection to the fullest extent, including the use of debt collection practices such as lawsuits, garnishments and liens by hospitals and debt collectors; the breakdown by zip code of collection cases referred to a debt collector; and the amount of revenue that hospitals collect by using these debt collection practices.

As agency reports have noted, medical debt is almost never voluntary and the complexities of medical billing often can take months to resolve. The CFPB has an opportunity to strengthen protections for and improve the economic wellbeing and health of Americans. Thank you for your attention to this matter.

Sincerely,



CHRISTOPHER S. MURPHY
United States Senate



CHRIS VAN HOLLEN
United States Senate



TAMMY BALDWIN
United States Senate



CORY A. BOOKER
United States Senate



ELIZABETH WARREN
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RICHARD BLUMENTHAL
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