

109TH CONGRESS
1ST SESSION

H. R. 1238

To express the sense of the Congress with respect to the price and terms of credit used to pay large medical bills, to amend the Truth in Lending Act with respect to credit card issuers obligations for credit extended to pay medical expenses under certain circumstances, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 2005

Mr. HASTINGS of Florida (for himself, Ms. SLAUGHTER, Mr. SANDERS, Mr. OWENS, Mr. STARK, Mr. CUMMINGS, Ms. WASSERMAN SCHULTZ, Mrs. CHRISTENSEN, Mr. LEWIS of Georgia, Mr. CONYERS, Ms. JACKSON-LEE of Texas, Mr. BUTTERFIELD, Mr. MEEK of Florida, Ms. NORTON, Mr. WEXLER, Mr. CLAY, Mr. MICHAUD, and Mr. PAYNE) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To express the sense of the Congress with respect to the price and terms of credit used to pay large medical bills, to amend the Truth in Lending Act with respect to credit card issuers obligations for credit extended to pay medical expenses under certain circumstances, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Medical Bills Interest
3 Rate Relief Act”.

4 **SEC. 2. FINDINGS; SENSE OF THE CONGRESS.**

5 (a) FINDINGS.—The Congress finds as follows:

6 (1) Many families and individuals are forced
7 deep into debt by the combination of large medical
8 bills and excessively high interest rates.

9 (2) The policy journal Health Affairs reports
10 that illness and medical bills cause half of all bank-
11 ruptcies.

12 (3) The same report notes that over 2 million
13 Americans are financially ruined by medical care
14 costs each year.

15 (4) Consumers whose debt consists largely of
16 credit extended to pay medical expenses are 42 per-
17 cent more likely than other debtors to experience
18 lapses in coverage.

19 (5) Many of those forced into bankruptcy by
20 medical expenses are middle class and have health
21 insurance.

22 (6) Major credit card issuers tie credit card in-
23 terest rates to credit records and credit scores.

24 (7) However, previously unforeseen and burden-
25 some medical expenses may arise whereby the hos-

1 pital-mandated schedule of payment is more than
2 the individual can immediately afford.

3 (8) Hospitals often report late- or delinquent-
4 payers to consumer reporting agencies thereby di-
5 rectly affecting the rates, terms, and availability of
6 credit from other sources that might otherwise be
7 used to pay the medical expenses.

8 (9) Many individuals and families are forced to
9 place large medical expenses on their credit cards
10 over time.

11 (10) Credit card issuers are able to raise inter-
12 est rates on late- and delinquent-payers with impu-
13 nity and without regards to the nature of the delin-
14 quency.

15 (11) There currently exists no government-en-
16 forced ceiling cap on credit card interest rates.

17 (b) PURPOSE.—The purpose of this Act is to stem
18 the loss from rising instances of payment delinquencies
19 and bankruptcies so that people who meet their bill pay-
20 ment requirements on time and in full receive the lowest
21 interest rates.

22 (c) SENSE OF THE CONGRESS.—It is the sense of the
23 Congress that—

24 (1) no American family or individual should be
25 forced to choose between the health and life of a

1 loved one and the financial constraints of medical
2 care;

3 (2) financial institutions, including credit card
4 issuers, should not take financial advantage of un-
5 foreseen, nonpreventive, or catastrophic medical situ-
6 ations; and

7 (3) individuals or families saddled with large
8 medical bills should receive a fair and equitable cred-
9 it rating that disregards off-schedule medical bill
10 payments.

11 **SEC. 3. CREDIT CARD ISSUERS OBLIGATIONS FOR CREDIT**
12 **EXTENDED TO PAY MEDICAL EXPENSES.**

13 Section 127 of the Truth in Lending Act (15 U.S.C.
14 1637) is amended by adding at the end the following new
15 subsection:

16 “(h) CREDIT CARD ISSUERS OBLIGATIONS FOR
17 CREDIT EXTENDED TO PAY MEDICAL EXPENSES.—

18 “(1) IN GENERAL.—If, with respect to a credit
19 card account under an open end consumer credit
20 plan, the consumer notifies the credit card issuer of
21 anticipated, any upcoming medical expense to be in-
22 curred by the consumer, or a member of the con-
23 sumer’s household, within 30 days of the date of the
24 expense—

1 “(A) the annual percentage rate on credit
2 extended under the plan to pay such medical
3 expenses shall not exceed the annual percentage
4 rate in effect for any outstanding balance of the
5 consumer under the plan at the time such no-
6 tice is given; and

7 “(B) the annual percentage rate extended
8 under the plan to pay nonmedical expenses may
9 not be increased on the basis of, or due to, the
10 extension of credit to pay such medical ex-
11 penses.

12 “(2) **MEDICAL EXPENSES.**—For purposes of
13 this subsection, the term ‘medical expenses’ includes
14 necessary treatments, drugs, tests, hospital stays,
15 and expenses, doctor fees, and elective surgeries.”.

16 **SEC. 4. CREDIT HISTORY REPORTING REQUIREMENT IN**
17 **CASE OF CERTAIN MEDICAL EXPENSES.**

18 Section 623 of the Fair Credit Reporting Act (15
19 U.S.C. 1681s–2) is amended by adding at the end the fol-
20 lowing new subsection:

21 “(f) **REPORTS FURNISHED BY HOSPITALS.**—

22 “(1) **IN GENERAL.**—If a consumer, who is un-
23 able to make full payments for medical expenses (as
24 defined in section 127(h)(2)) to a hospital or other
25 medical treatment facility in accordance with a

1 schedule of payments imposed by such hospital or
2 facility, continues, in good faith, to make partial
3 payments on the outstanding balance on the pre-
4 scribed due dates under such schedule, the hospital
5 or facility may not submit negative information re-
6 lating to the failure of such consumer to maintain
7 the payment schedule in full during the 5-year pe-
8 riod beginning when the consumer first fails to make
9 full payment under the payment schedule.

10 “(2) GOOD FAITH PARTIAL PAYMENT.—For
11 purposes of paragraph (1), a consumer shall be
12 deemed to be making partial payments in good faith
13 on the prescribed due dates if the consumer is pay-
14 ing at least 20 percent of the amount of the sched-
15 uled payment for each due date.”.

16 **SEC. 5. EFFECTIVE DATE.**

17 This Act and the amendments made by this Act shall
18 take effect on January 1, 2006.

○