

111TH CONGRESS
2D SESSION

H. R. 3421

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2010

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To exclude from consumer credit reports medical debt that
has been in collection and has been fully paid or settled,
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 Debt Relief
3 Act of 2010”.

4 **SEC. 2. FINDINGS AND PURPOSE.**

5 (a) FINDINGS.—The Congress finds the following:

6 (1) Medical debt is unique, and Americans do
7 not choose when accidents happen or when illness
8 strikes.

9 (2) Medical debt collection issues affect both in-
10 sured and uninsured consumers.

11 (3) According to credit evaluators, medical debt
12 collections are more likely to be in dispute, inconsist-
13 ently reported, and of questionable value in pre-
14 dicting future payment performance because it is
15 atypical and nonpredictive.

16 (4) Nevertheless, medical debt that has been
17 completely paid off or settled can significantly dam-
18 age a consumer’s credit score for years.

19 (5) As a result, consumers can be denied credit
20 or pay higher interest rates when buying a home or
21 obtaining a credit card.

22 (6) Healthcare providers are increasingly turn-
23 ing to outside collection agencies to help secure pay-
24 ment from patients and this comes at the expense of
25 the consumer because medical debts are not typically
26 reported unless they become assigned to collections.

1 (7) In fact, medical bills account for more than
2 half of all non-credit related collection actions re-
3 ported to consumer credit reporting agencies.

4 (8) The issue of medical debt affects millions.

5 (9) According to the Commonwealth Fund,
6 medical bill problems or accrued medical debt affects
7 roughly 72,000,000 working-age adults in America.

8 (10) For 2007, 28,000,000 working-age Amer-
9 ican adults were contacted by a collection agency for
10 unpaid medical bills.

11 (b) PURPOSE.—It is the purpose of this Act to ex-
12 clude from consumer credit reports medical debt that had
13 been characterized as delinquent, charged off, or debt in
14 collection for credit reporting purposes and has been fully
15 paid or settled.

16 **SEC. 3. AMENDMENTS TO FAIR CREDIT REPORTING ACT.**

17 (a) MEDICAL DEBT DEFINED.—Section 603 of the
18 Fair Credit Reporting Act (15 U.S.C. 1681a) is amended
19 by adding at the end the following new paragraph:

20 “(z) MEDICAL DEBT.—The term ‘medical debt’
21 means a debt described in section 604(g)(1)(C).”.

22 (b) EXCLUSION FOR PAID OR SETTLED MEDICAL
23 DEBT.—Section 605(a) of the Fair Credit Reporting Act
24 (15 U.S.C. 1681c(a)) is amended by adding at the end
25 the following new paragraph:

7 The budgetary effects of this Act, for the purpose of
8 complying with the Statutory Pay-As-You-Go Act of 2010,
9 shall be determined by reference to the latest statement
10 titled “Budgetary Effects of PAYGO Legislation’” for
11 this Act, submitted for printing in the Congressional
12 Record by the Chairman of the House Budget Committee,
13 provided that such statement has been submitted prior to
14 the vote on passage.

Attest: LORRAINE C. MILLER,
Clerk.