

112TH CONGRESS  
2D SESSION

# S. 2149

To exclude from consumer credit reports medical debt that has been in collection and has been fully paid or settled, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 1, 2012

Mr. MERKLEY (for himself, Mr. BROWN of Ohio, Mr. DURBIN, Mr. MENENDEZ, Mr. SCHUMER, and Mr. HARKIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medical Debt Respon-  
5 sibility Act of 2012”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds that—

1           (1) medical debt is unique, and Americans do  
2           not choose when accidents happen or when illness  
3           strikes;

4           (2) medical debt collection issues affect both in-  
5           sured and uninsured consumers;

6           (3) according to credit evaluators, medical debt  
7           collections are more likely to be in dispute, inconsist-  
8           ently reported, and of questionable value in pre-  
9           dicting future payment performance because it is  
10          atypical and nonpredictive;

11          (4) nevertheless, medical debt that has been  
12          completely paid off or settled can significantly dam-  
13          age the credit score of a consumer for years;

14          (5) as a result, consumers may be denied credit  
15          or pay higher interest rates when buying a home or  
16          obtaining a credit card;

17          (6) healthcare providers are increasingly turn-  
18          ing to outside collection agencies to help secure pay-  
19          ment from patients, coming at the expense of the  
20          consumer, because medical debts are not typically  
21          reported unless they become assigned to collections;

22          (7) in fact, medical bills account for more than  
23          half of all non-credit related collection actions re-  
24          ported to consumer credit reporting agencies;

1           (8) the issue of medical debt affects millions of  
2       consumers;

3           (9) according to the Commonwealth Fund, med-  
4       ical bill problems or accrued medical debt affects  
5       roughly 73,000,000 working-age adults in America;  
6       and

7           (10) in 2010, 30,000,000 working-age Amer-  
8       ican adults were contacted by a collection agency for  
9       unpaid medical bills.

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

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

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

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

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

24       “(7) Any information related to a fully paid or  
25       settled medical debt that had been characterized as

- 1 delinquent, charged off, or in collection which, from
- 2 the date of payment or settlement, antedates the re-
- 3 port by more than 45 days.”.

