

114TH CONGRESS  
2D SESSION

# S. 3258

To amend the Fair Credit Reporting Act and the Fair Debt Collection Practices Act to delay the inclusion in consumer credit reports and to establish requirements for debt collectors with respect to medical debt information of veterans due to inappropriate or delayed billing payments or reimbursements from the Department of Veterans Affairs, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 14, 2016

Mr. DONNELLY (for himself and Mr. ROUNDS) 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 amend the Fair Credit Reporting Act and the Fair Debt Collection Practices Act to delay the inclusion in consumer credit reports and to establish requirements for debt collectors with respect to medical debt information of veterans due to inappropriate or delayed billing payments or reimbursements from the Department of Veterans Affairs, 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 “Protecting Veterans  
3 Credit Act of 2016”.

4 **SEC. 2. PURPOSE.**

5 The purposes of this Act are—

6 (1) to rectify reporting of medical debt included  
7 in a consumer report of a veteran due to inappro-  
8 priate or delayed payment for hospital care or med-  
9 ical services provided in a non-Department of Vet-  
10 erans Affairs facility under the laws administered by  
11 the Secretary of Veterans Affairs; and

12 (2) to clarify the process of debt collection for  
13 such medical debt.

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

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

18 “(z) VETERAN.—The term ‘veteran’ has the meaning  
19 given the term in section 101 of title 38, United States  
20 Code.

21 “(aa) VETERAN’S MEDICAL DEBT.—The term ‘vet-  
22 eran’s medical debt’ means a debt of a veteran arising  
23 from hospital care or medical services, as those terms are  
24 defined in section 1701 of title 38, United States Code,  
25 provided in a non-Department of Veterans Affairs facility  
26 under the laws administered by the Secretary of Veterans

1 Affairs, including under section 1703, 1712, 1712A, 1725,  
2 or 1728 of title 38, United States Code.”.

3 (b) EXCLUSION FOR VETERAN’S MEDICAL DEBT.—  
4 Section 605(a) of the Fair Credit Reporting Act (15  
5 U.S.C. 1681c) is amended by adding at the end the fol-  
6 lowing:

7 “(7) Any information related to a veteran’s  
8 medical debt if the date on which the debt was  
9 placed for collection, charged to profit or loss, or  
10 subjected to any similar action antedates the report  
11 by less than 1 year.

12 “(8) Any information related to a fully paid or  
13 settled veteran’s medical debt that had been charac-  
14 terized as delinquent, charged off, or in collection.”.

15 (c) REMOVAL OF VETERAN’S MEDICAL DEBT FROM  
16 CONSUMER REPORT.—Section 611 of the Fair Credit Re-  
17 porting Act (15 U.S.C. 1681i) is amended—

18 (1) in subsection (a)(1)(A), by inserting “and  
19 except as provided in subsection (g)” after “sub-  
20 section (f)”; and

21 (2) by adding at the end the following:

22 “(g) DISPUTE PROCESS FOR VETERAN’S MEDICAL  
23 DEBT.—

24 “(1) IN GENERAL.—With respect to a veteran’s  
25 medical debt of a consumer, the consumer may sub-

mit a notice along with proof of liability of the Department of Veterans Affairs for payment of that debt to a consumer reporting agency or a reseller to dispute the inclusion of that debt on a consumer report of the consumer.

“(2) DELETION OF INFORMATION FROM FILE.—Not later than 30 days after the date on which a notice is received under paragraph (1), the consumer reporting agency shall delete information relating to the veteran’s medical debt from the file of the consumer and notify the furnisher and the consumer of that deletion.”.

**SEC. 4. COMMUNICATIONS REGARDING VETERAN’S MEDICAL DEBT.**

(a) IN GENERAL.—Section 809 of the Fair Debt Collection Practices Act (15 U.S.C. 1692g) is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by inserting “, except for a veteran’s medical debt as described in subsection (f),” after “any debt”; and

(2) by adding at the end the following:

“(f) VETERAN’S MEDICAL DEBT.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘consumer reporting agency’ has the meaning given the term in section 603

1 of the Fair Credit Reporting Act (15 U.S.C.  
2 1681a);

3 “(B) the term ‘veteran’ has the meaning  
4 given the term in section 101 of title 38, United  
5 States Code; and

6 “(C) the term ‘veteran’s medical debt’  
7 means a debt of a veteran arising from hospital  
8 care or medical services, as those terms are de-  
9 fined in section 1701 of title 38, United States  
10 Code, provided in a non-Department of Vet-  
11 erans Affairs facility under the laws adminis-  
12 tered by the Secretary of Veterans Affairs, in-  
13 cluding under section 1703, 1712, 1712A,  
14 1725, or 1728 of title 38, United States Code.

15 “(2) COMMUNICATIONS REGARDING VETERAN’S  
16 MEDICAL DEBT.—Not later than 5 days after the  
17 initial communication with a veteran in connection  
18 with the collection of a veteran’s medical debt, a  
19 debt collector shall, unless the following information  
20 is contained in the initial communication or the vet-  
21 eran has paid the debt, send the veteran a written  
22 notice containing—

23 “(A) the amount of the debt;

24 “(B) the name of the creditor to whom the  
25 debt is owed;

1           “(C) a statement that unless the veteran,  
2           within 1 year after receipt of the notice, dis-  
3           putes the validity of the debt, or any portion  
4           thereof, the debt will be assumed to be valid by  
5           the debt collector;

6           “(D) a statement that if the veteran noti-  
7           fies the debt collector in writing within the 1-  
8           year period that the debt, or any portion there-  
9           of, is disputed, the debt collector will obtain  
10          verification of the debt or a copy of a judgment  
11          against the veteran and a copy of such  
12          verification or judgment will be mailed to the  
13          veteran by the debt collector;

14          “(E) a statement that, upon the veteran’s  
15          written request within the 1-year period, the  
16          debt collector will provide the veteran with the  
17          name and address of the original creditor, if  
18          different from the current creditor;

19          “(F) a statement that the debt collector  
20          will not report the debt to a consumer reporting  
21          agency until 1 year after the date on which the  
22          debt collector sends the statement; and

23          “(G) a statement that the consumer may  
24          communicate with—

1 “(i) an insurance company to deter-  
2 mine coverage for the debt;

3 “(ii) the Department of Veterans Af-  
4 fairs to determine coverage for the debt or  
5 repayment options; or

6 “(iii) the provider of the hospital care  
7 or medical services from which the debt  
8 arises.

9 “(3) COLLECTION OF VETERAN’S MEDICAL  
10 DEBT.—If the veteran notifies the debt collector in  
11 writing within the 1-year period described in para-  
12 graph (2)(D) that the veteran’s medical debt, or any  
13 portion thereof, is disputed, or that the veteran re-  
14 quests the name and address of the original creditor,  
15 the debt collector shall cease collection of the vet-  
16 eran’s medical debt, or any disputed portion thereof,  
17 until the debt collector obtains verification of the  
18 veteran’s medical debt or a copy of a judgment, or  
19 the name and address of the original creditor, and  
20 a copy of such verification or judgment, or name  
21 and address of the original creditor, is mailed to the  
22 veteran by the debt collector. Collection activities  
23 and communications that do not otherwise violate  
24 this title may continue during the 1-year period re-  
25 ferred to in paragraph (2)(D) unless the veteran has

1 notified the debt collector in writing that the vet-  
2 eran's medical debt, or any portion of the debt, is  
3 disputed or that the veteran requests the name and  
4 address of the original creditor. Any collection activi-  
5 ties and communication during the 1-year period  
6 may not overshadow or be inconsistent with the dis-  
7 closure of the veteran's right to dispute the veteran's  
8 medical debt or request the name and address of the  
9 original creditor.''.  
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**SEC. 5. EFFECTIVE DATE.**

11 The amendments made by this Act shall take effect  
12 on the date that is 90 days after the date of enactment  
13 of this Act.

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