

111TH CONGRESS  
1ST SESSION

# H. R. 3421

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 HOUSE OF REPRESENTATIVES

JULY 30, 2009

Ms. KILROY (for herself, Mr. GUTIERREZ, Mr. MINNICK, Mr. PERRIELLO, Ms. SCHAKOWSKY, Mr. BACA, Ms. SPEIER, Mr. HINCHEY, Mr. ELLISON, Ms. MOORE of Wisconsin, Ms. FUDGE, Ms. KAPTUR, Mr. HASTINGS of Florida, and Mr. AL GREEN of Texas) introduced the following bill; which was referred to the Committee on Financial Services

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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 Relief  
5 Act of 2009”.

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

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

1           (1) Medical debt is unique because, unlike con-  
2           sumer debt, Americans don't get to choose when ac-  
3           cidents happen or when their genetic traits will catch  
4           up to their health profile.

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

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

12          (4) Nevertheless, medical debt that has been  
13          completely paid off or settled can significantly dam-  
14          age a consumer's credit score for years.

15          (5) As a result, consumers can be denied credit  
16          or pay higher interest rates when buying a home or  
17          obtaining a credit card.

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

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

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

2 (9) According to the Commonwealth Fund,  
3 medical bill problems or accrued medical debt affects  
4 roughly 72,000,000 working-age adults in American.

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

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

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

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

16 “(y) MEDICAL DEBT.—The term ‘medical debt’  
17 means a debt described in section 604(g)(1)(C).”

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

22 “(7) Any information related to a fully paid or  
23 settled medical debt that had been characterized as  
24 debt in collection for credit reporting purposes,

1       which, from the date of payment or settlement, ante-  
2       dates the report by more than 30 calendar days.”.

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