

# Final CFPB Medical Debt Reporting Regulation: What Healthcare Providers Need to Know

January 2025

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# Disclaimer

- I am not an attorney, this is not legal advice
- I am offering information obtained from various sources deemed credible by Americollect and in some instances myself
- Opinions will be shared that are my own
- Please vet this information and explore these sources and others as well for accuracy
- Information changes quickly, opinions can change too

***-\$2.6 Billion in Placements!***

***Americollect's purpose – Reduced Healthcare Costs for ALL!  
\$370 Million in Recovery!***

**2 Services -**

	
Early Out Solutions	Bad Debt Collections



BETTER PATIENT  
EXPERIENCE



ADVANCED  
TECHNOLOGY




HEALTHCARE FOCUSED




*We Are*  
**RIDICULOUSLY NICE**

CONSISTENTLY DEMONSTRATES A SINCERE, FRIENDLY APPROACH TO ALL, INCLUDING PATIENTS, CLIENTS, AND TEAMMATES.

CORE VALUE #1



*We Develop* **THE NEXT**

FOSTERS A MINDSET OF DEVELOPMENT, GROWTH, AND CONTINUOUS IMPROVEMENT

CORE VALUE #2



*WE DO THE*  
**RIGHT THING**

ACTS IN THE BEST INTEREST OF OUR PATIENTS, CLIENTS, AND TEAMMATES.


CORE VALUE #3



*WE HAVE FUN and*  
**CELEBRATE**

LAUGHS, SMILES, AND DANCES WITH GLITTERY UNICORNS AND SUNSHINE WHILE CELEBRATING OUR WINS WITH SPRINKLES AND HIGH-FIVES!

CORE VALUE #4



*WE BELIEVE that*  
**TOGETHER WE CAN**

ACTIVELY COLLABORATES WITH PATIENTS, CLIENTS, AND TEAMMATES

CORE VALUE #5

WINNER *for the 15th time!*

**Best Places to Work in Collections 2024**

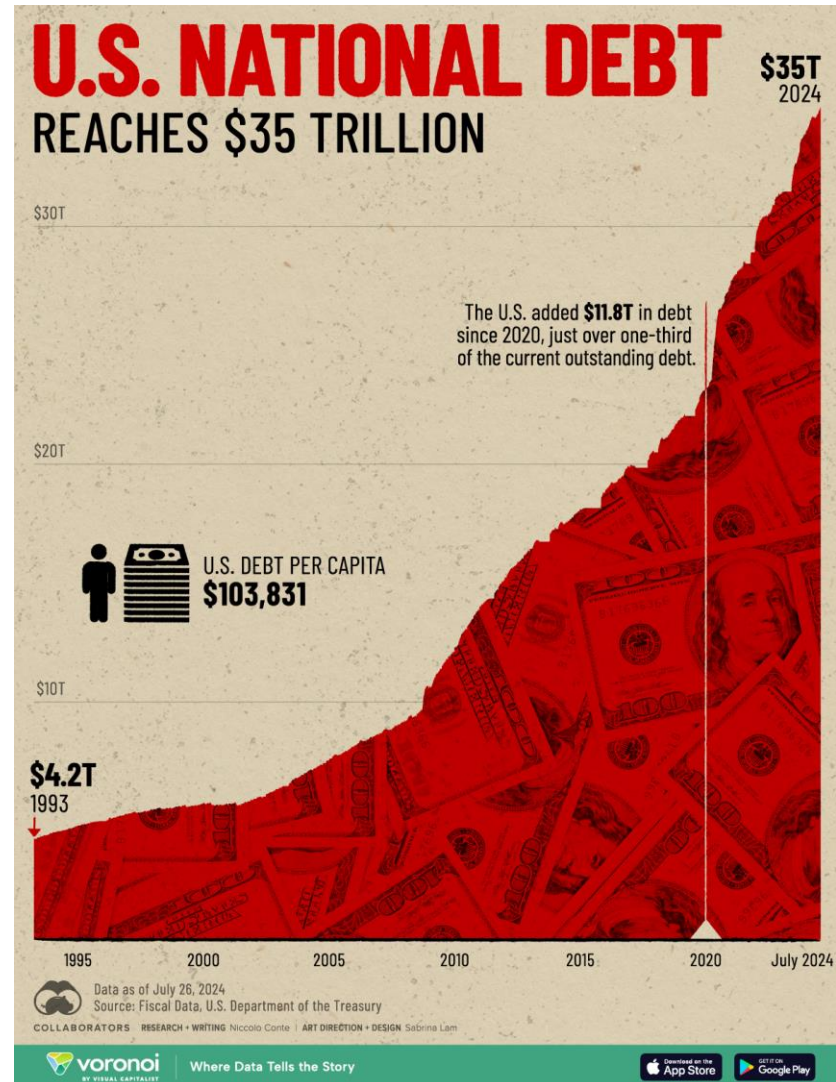
Best Companies Group



## Agenda -

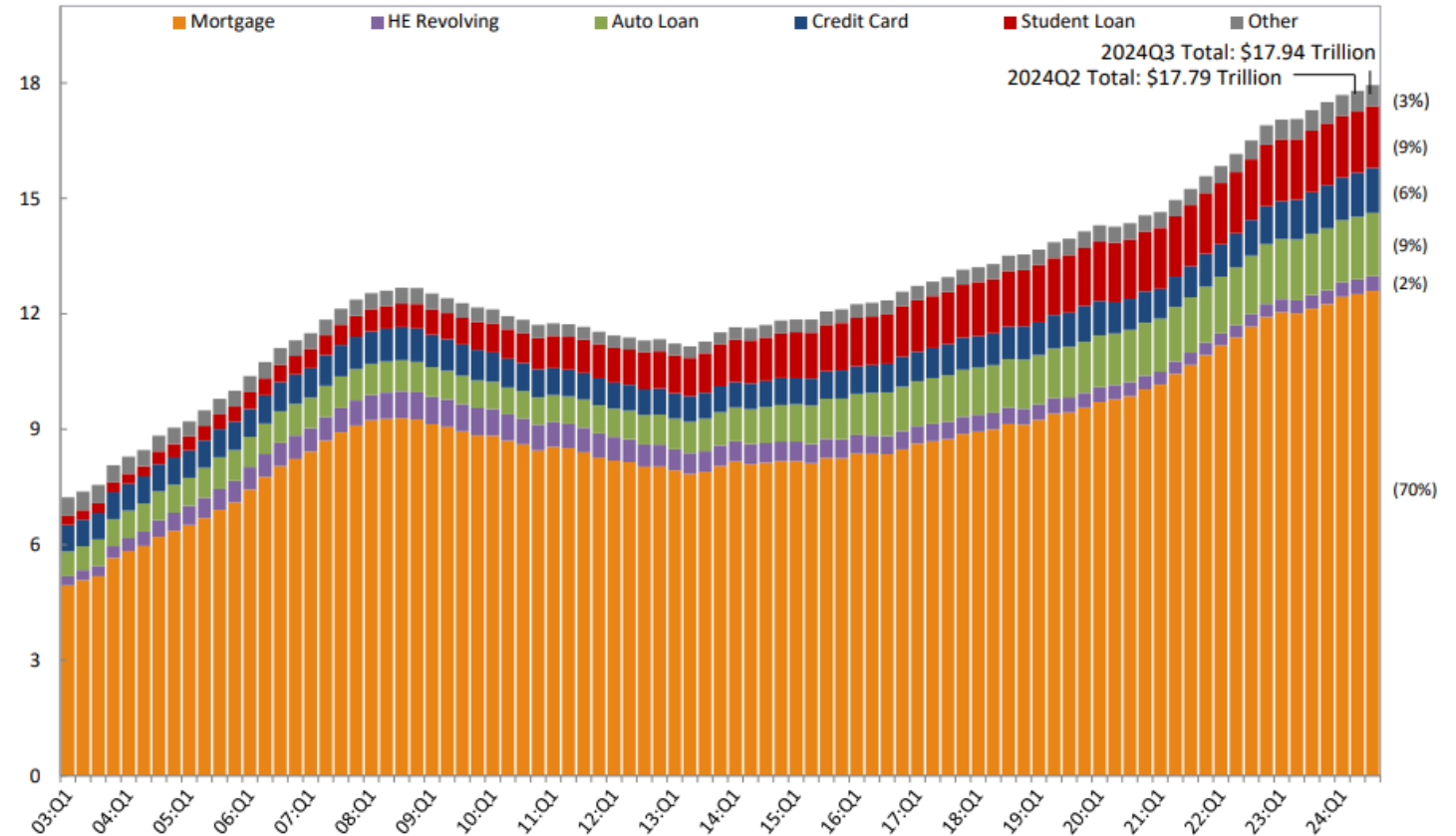
1. A Nation Addicted to Debt
2. The Headline
3. FCRA
4. In the Beginning
5. CFPB The New “Regulator” in Town
6. Actual Changes
7. Other Regulation to be Aware of
8. Contradicting CFPB

***A Nation  
Addicted to Debt***



## Total Debt Balance and its Composition

Trillions of Dollars



Source: New York Fed Consumer Credit Panel/Equifax



# Bankrate



## Bankrate's key insights on Americans' credit card debt in 2024

- **Slightly fewer Americans carry credit card debt than did earlier this year and late last year.** 48% of credit cardholders report having a credit card balance, compared to 50% in June 2024 and 49% in November 2023.
- **The most common reason for credit card debt is emergency or unexpected expenses.** Debtors point to things like unexpected medical bills (15%), car repairs (9%) and home repairs (7%).
- **More than half of credit card debtors have carried a balance for more than a year.** 57% of households with an annual income of \$80,000+ have been in debt for at least a year, and 22% have been for five years or more.
- **Most debtors believe they'll pay off their balance within five years.** That's 30% who think they'll pay it off in less than a year and 41% who think they'll pay it off in one to five years.

***The Passing –  
Pulling the wool over public eyes with a  
HEADLINE***



Consumer Financial  
Protection Bureau

## CFPB Finalizes Rule to Remove Medical Bills from Credit Reports

English | [Español](#)

*Final rule will remove billions of dollars of medical bills from credit reports and end coercive debt collection practices that weaponize the credit reporting system*

JAN 07, 2025

# CFPB Finalizes Rule to Remove Medical Bills from Credit Reports

English | [Español](#)

*Final rule will remove billions of dollars of medical bills from credit reports and end coercive debt collection practices that weaponize the credit reporting system*

JAN 07, 2025



# New federal rule removes medical debt from credit reports

The change will remove an estimated \$49 billion from the credit reports of 15 million Americans.

Updated Tue, Jan 7 2025



Brett Holzhauser



Dan Avery

SHARE



**CFPB TO BAN MEDICAL DEBT FROM CREDIT REPORTS**

- **WOULD BAN UNPAID MEDICAL BILLS FROM MOST AMERICANS' CREDIT REPORTS**
- **COULD BOOST CREDIT SCORES BY 20 POINTS**

Medical Debt Could be Changing

**abc NEWS**

**NEW MEDICAL DEBT RULE**

**ERASES \$49 BILLION IN UNPAID MEDICAL BILLS FROM CREDIT REPORTS OF 15 MILLION AMERICANS**

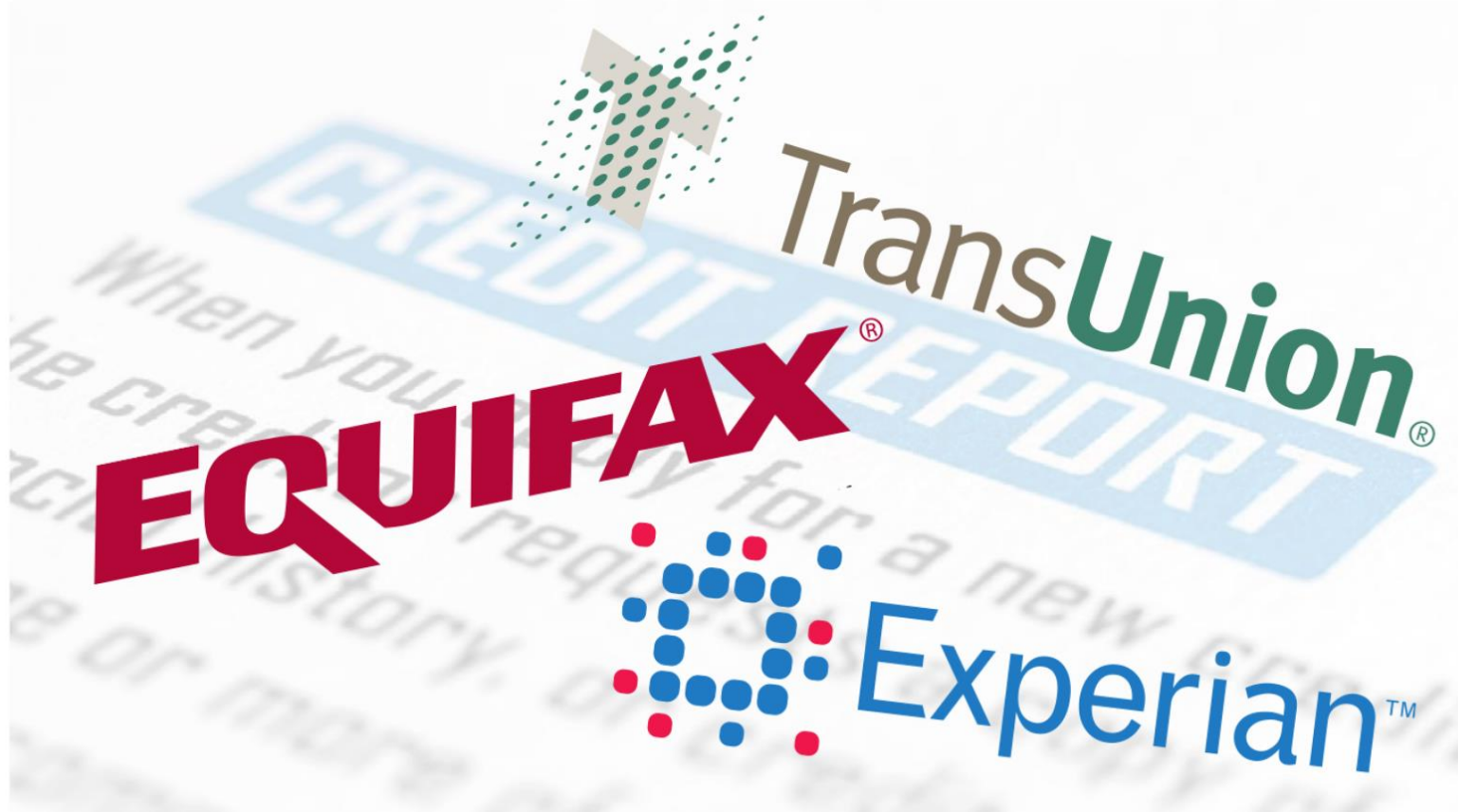
**MEDICAL DEBT NOT FACTORED INTO CREDIT SCORE**

> SOURCE: CONSUMER FINANCIAL PROTECTION BUREAU

***What the.... FCRA?***

# Fair Credit Reporting Act

15 U.S.C § 1681





# Privacy – Actually Guarantees



## Key Provisions of the FCRA:

**1.Consumer Rights to Access Credit Reports** – Consumers can request a free credit report from each major CRA once per year at *AnnualCreditReport.com* to review their credit history.

**2.Accuracy and Fairness in Reporting** – CRAs and data furnishers (collection agencies, banks, and lenders) must ensure that credit information is accurate, complete, and up to date.

**3.Dispute Process for Errors** – If a consumer finds incorrect information on their report, they have the right to dispute it. CRAs must investigate and correct any verified errors within **30 days**.

**4.Limits on Who Can Access Credit Reports** – Credit reports can only be accessed by entities with a “permissible purpose”, such as lenders, employers (with consent), landlords, and insurance companies.

**5.Notification of Negative Information** – If negative information (e.g., late payments, collections) is added to a consumer's credit file, the creditor must notify the individual.

**6.Protection from Identity Theft and Fraud** – Consumers can place **fraud alerts** or **credit freezes** on their reports to prevent unauthorized access.

**7.Restrictions on Reporting Old Information** – Most negative credit information (like late payments or collections) must be removed after **7 years**, while bankruptcies remain for **10 years**.

**8.Employment Credit Checks** – Employers must obtain written consent before checking a job applicant's credit report and must inform them if an adverse hiring decision is made based on the report.



# Amended – 2003



F A C T A

The Fair and Accurate Credit Transactions Act of 2003

# Privacy – Medical Information



“The Agencies’ final rules contain the financial information exception for creditors obtaining and using medical information in credit eligibility determinations. The financial information exception consists of a three-part test which allows creditors to use medical information in connection with credit eligibility determinations so long as

- (1) the information is the type of information routinely used in making credit eligibility determinations;
- (2) the creditor uses the information in a manner and to an extent no less favorably than comparable nonmedical information; and
- (3) the creditor does not take the consumer’s physical, mental, or behavioral health, condition or history, type of treatment, or prognosis into account when making the determination.

The Agencies stated that the “three-part test strikes a balance between permitting creditors to obtain and use certain medical information about consumers when necessary and appropriate to satisfy prudent underwriting criteria and to ensure that credit is extended in a safe and sound manner, while restricting the use of medical information for inappropriate purposes.”



# Dodd-Frank Act

## DODD-FRANK ACT

The **DODD-FRANK ACT** came into existence in 2010 (after financial crises of 2008) with a motive to put more stringent checks and controls on the financial services industry. It would help in preventing the exploitation of gullible customers at the hands of lenders and mortgage companies.

### MODUS-OPERANDI AND CRITICAL PROVISION

#### Whistle blower Provisions

The Act aims to ensure the cooperation of insiders engaged in financial and trading activities.

#### Financial Stability

To ensure stability, Act created Financial Stability Oversight Council (FSOC) and the Orderly Liquidation Authority.

#### Consumer Protection

The act has also created Consumer Financial Protection Bureau (CFPB) to protect the interests of the consumers.



# ***The New Medical Debt Regulator***

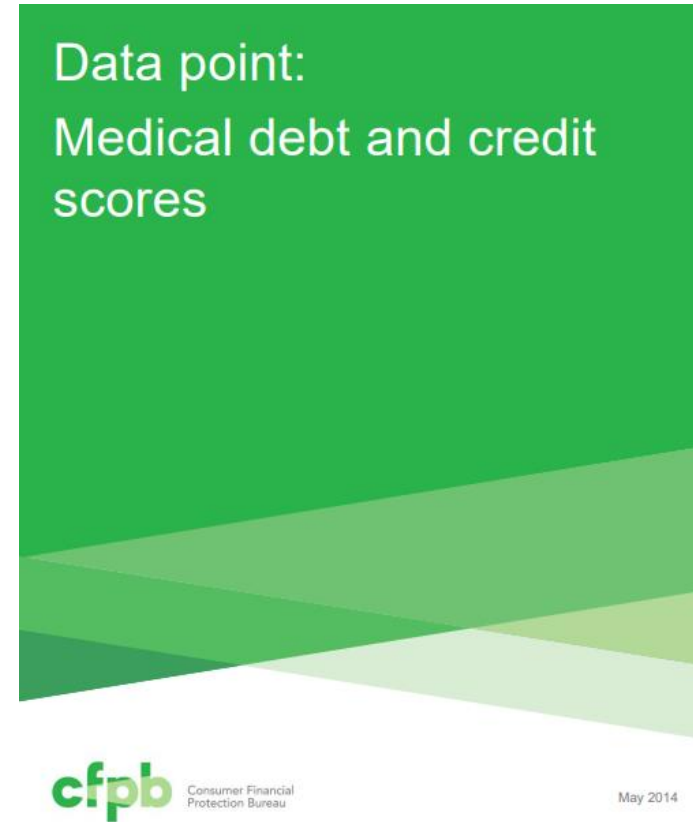


The Honorable  
**Rohit Chopra**

# The First Report -



[201405\\_cfpb\\_report\\_data-point\\_medical-debt-credit-scores.pdf\(consumerfinance.gov\)](https://www.consumerfinance.gov/201405_cfpb_report_data-point_medical-debt-credit-scores.pdf)



# CFPB – Medical Debt and Credit Score

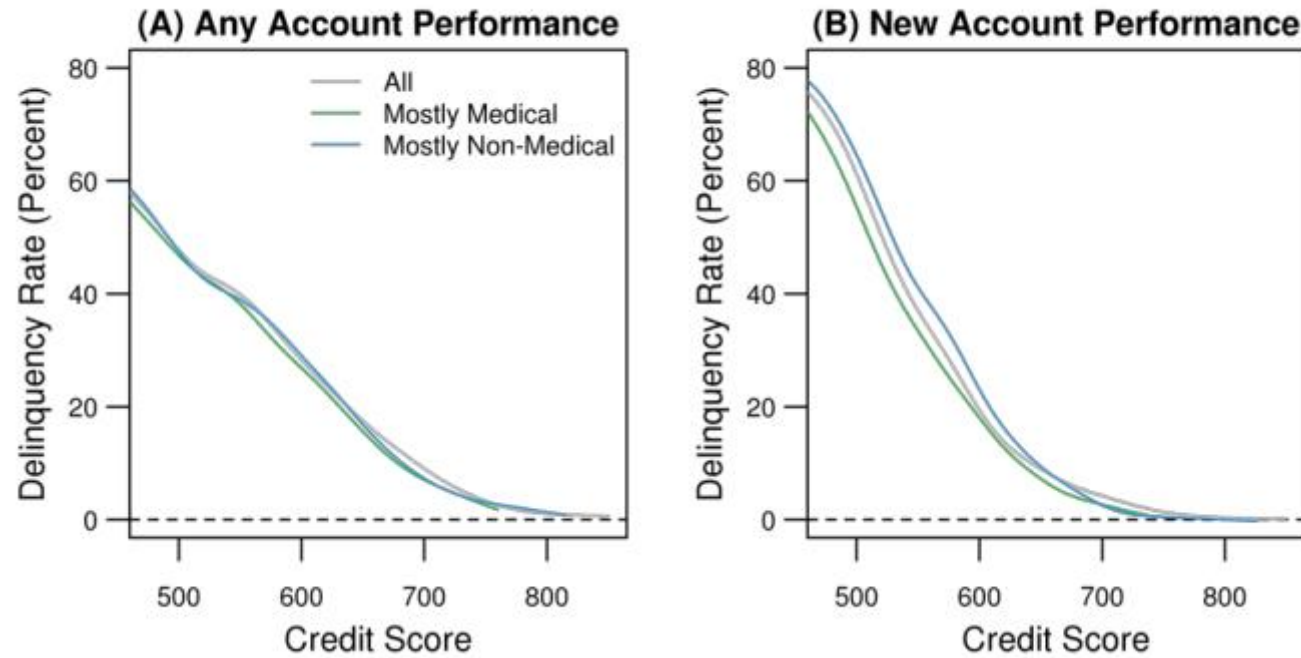
*Question #1 – “CFBP examined whether medical and non-medical collections are equally predictive about the subsequent respective credit performance of consumers with these different types of accounts.”*

*The Answer – “answer appears to be “no.” Our results suggest that consumers with more medical than non-medical collections had observed delinquency rates that were comparable to those of consumers with credit scores about 10 points higher.”*



# CFPB – Medical Debt and Credit Score

FIGURE 2: PERFORMANCE BY CREDIT SCORE, MEDICAL VS. NON-MEDICAL COLLECTIONS



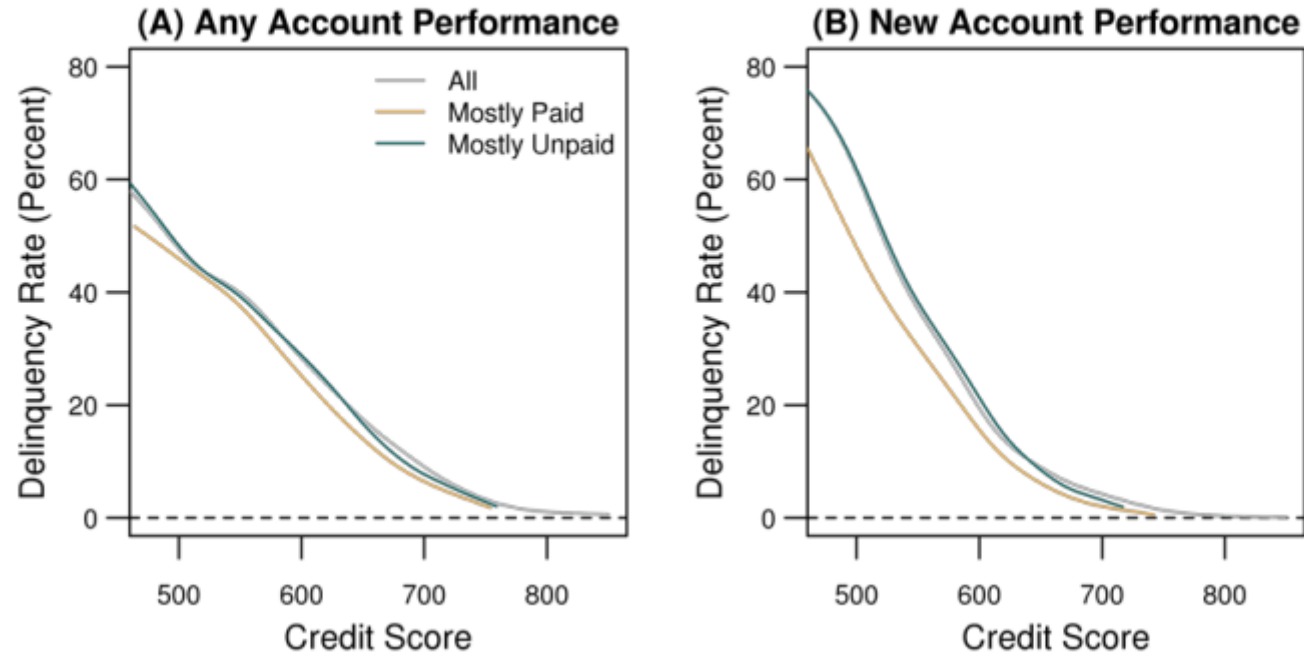
# CFPB – Medical Debt and Credit Score

*Question #2 – “CFPB conduct a similar analysis that evaluates whether paid and unpaid medical collections are equally predictive of consumer delinquency rates.”*

*The Answer – “appears to be “no.”*

# CFPB – Medical Debt and Credit Score

FIGURE 4: PERFORMANCE BY CREDIT SCORE, PAID VS. UNPAID MEDICAL COLLECTIONS



# CFPB Threats



- **Double billing:** Companies cannot attempt to collect on medical bills that have already been paid by the consumer, insurance, or a government program such as Medicare or Medicaid. This practice can coerce consumers into paying twice for the same service, causing significant financial harm.
- **Exceeding legal limits:** Companies must not attempt to collect amounts that surpass federal or state caps, such as those set by the federal No Surprises Act or state laws on “reasonable” rates. These violations can saddle consumers with unjustifiably high medical debts, burdening their finances and deterring them from seeking future care.
- **Falsified or fake charges:** Debt collectors must not collect on bills that include “upcoded” or exaggerated services, or charges for services the consumer did not receive. This deceptive practice can drastically inflate consumers’ medical debts, potentially leading to long-term financial distress or even bankruptcy.
- **Collecting unsubstantiated medical bills:** Debt collectors must not attempt to collect medical debts unless they are substantiated, which may include having documentation of payments or financial assistance eligibility. Collecting unsubstantiated bills can result in consumers being harassed for debts they do not owe or for which they qualify for financial assistance.

[CFPB Takes Aim at Double Billing and Inflated Charges in Medical Debt Collection | Consumer Financial Protection Bureau](#)

## ***Actuality of the Regulation***



## FEDERAL REGISTER

The Daily Journal of the United States Government



According to the **CFPB**, -

- CFPB has said that **\$49 billion** in medical bills are still on the credit reports of about **15 million Americans**
- Ban creditors and CRA from using or sending medical bills on credit or using for credit scores.
- Prohibit lenders from using medical information in their lending decisions unless provided by individuals when asked
- Increase privacy protections
- Prevent debt collectors from using the credit reporting system to coerce people to pay bills they don't owe (CFPB's words)
- Eliminate consumer complaints about receiving inaccurate bills or being asked to pay bills that should have been covered by insurance or financial assistance programs.

# Changes – Definition of Medical Debt

Added the word “Information” to Medical Debt

Subpart A—General Provisions, was amended by adding paragraph (j) to read as follows: § 1022.3 Definitions. \*\*\*\*\*

(j) *Medical debt information* means medical information that pertains to a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to such person’s **agent or assignee**, for the provision of such medical services, products, or devices. ***Medical debt information includes but is not limited to medical bills that are not past due or that have been paid.***

# What didn't Change?



## Q&A -

1. **Credit Cards or Medical Credit** – Declined to include but did say they are monitoring the impacts for future regulation.
2. **Credit Header Information** – Declined to initiate credit header change requirements (demographic information).



# What's next? – Recission



## Overtured?

Maybe, but to me it is not likely. Regulation can all be halted by a new administration.

A regulation is finalized when it is placed on public inspection or published in the *Federal Register*. Under the Administrative Procedure Act (APA), the rulemaking procedures that an agency must follow for repealing or amending a regulation are the same as for issuing a new rule. This means if the CFPB's new rule amending Regulation V that was published in the Federal Register on January 14, 2025 will take full CFPB rule making effort to repeal (unlikely).

More likely -

The Congressional Review Act extends this deadline to 60 days for "major rules." Therefore, if a final rule has not yet taken effect, the new administration can suspend the rule for further review and analysis.

[Rollbacks and Repeals: How a New Administration Effectuates Policy Changes | HUB | K&L Gates](#)

# What's next? - Lawsuits



## NEWS

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### **New federal rule on medical debt prompts lawsuit from credit industry groups**

Published: January 13, 2025 at 12:07 PM

Tags: Money, Consumer, 12 On Your Side, Medical Debt

A federal rule from the CFPB aiming to boost credit scores by removing medical debt from reports is under legal fire. The Cornerstone Credit Union League and Consumer Data Industry Association argue the agency is overstepping its bounds, claiming only Congress can decide what goes on credit reports. The outcome could reshape how credit scores are calculated, impacting millions of Americans and their ability to secure loans.

# What's next? - Lawsuits



## Industry groups sue to stop Biden from banning medical debt on credit reports

By Tami Luhby 

Tuesday, January 14, 2025



# What's next? – Call to Action **americollect** ridiculously nice



**Call Your  
Representative**



**Write Your  
Representative**

[Find Your Members in the U.S. Congress | Congress.gov | Library of Congress](#)

## ***Secondary Impacts***

# Secondary Impacts

Healthcare becomes an invisible debt.



# Secondary Impacts

Patient Communications Delays -



# Secondary Impacts

Why have health insurance?



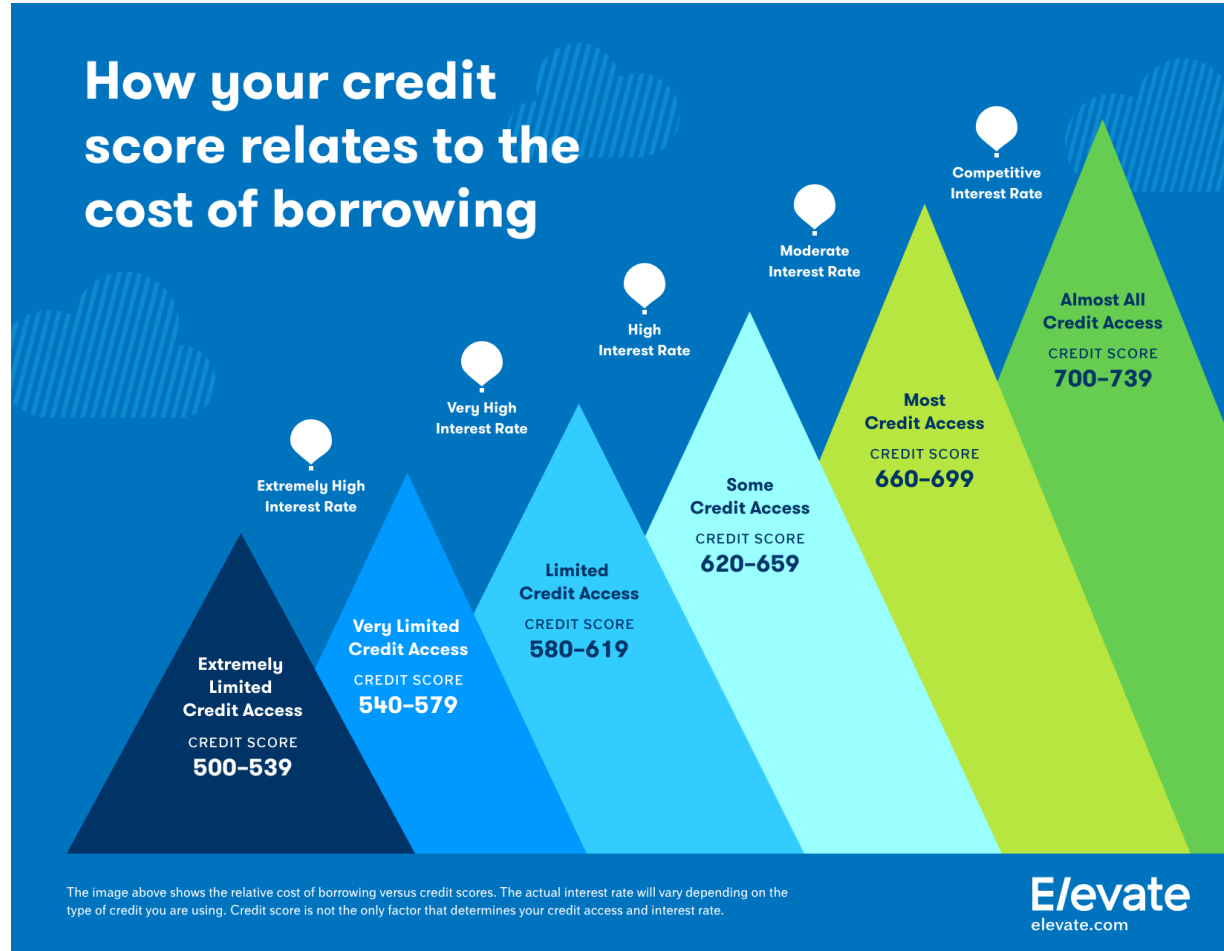


# Secondary Impacts

Payment before procedures!



# Secondary Impacts



## ***State by State Regulation***



# CFPB Affirms Ability for States to Police Credit Reporting Markets

The Fair Credit Reporting Act does not stop states from enacting laws to tackle credit reporting problems related to medical debt, tenant screening, and other consumer risks

JUN 28, 2022



# States that have Already Removed Medical Debts from Credit Reports -

- Colorado
- Connecticut
- Illinois
- Minnesota
- New Jersey
- New York
- Rhode Island, and
- Virginia



# Statute of Limitation Changes

- Florida – 3 Years
- South Carolina – 3 Years
- Virginia – 3 Years



# Changes to the Statements Sent to Patients

- Nevada
- Washington
- New Mexico
- Delaware



# Interest or Charges (Collection Service Fee)

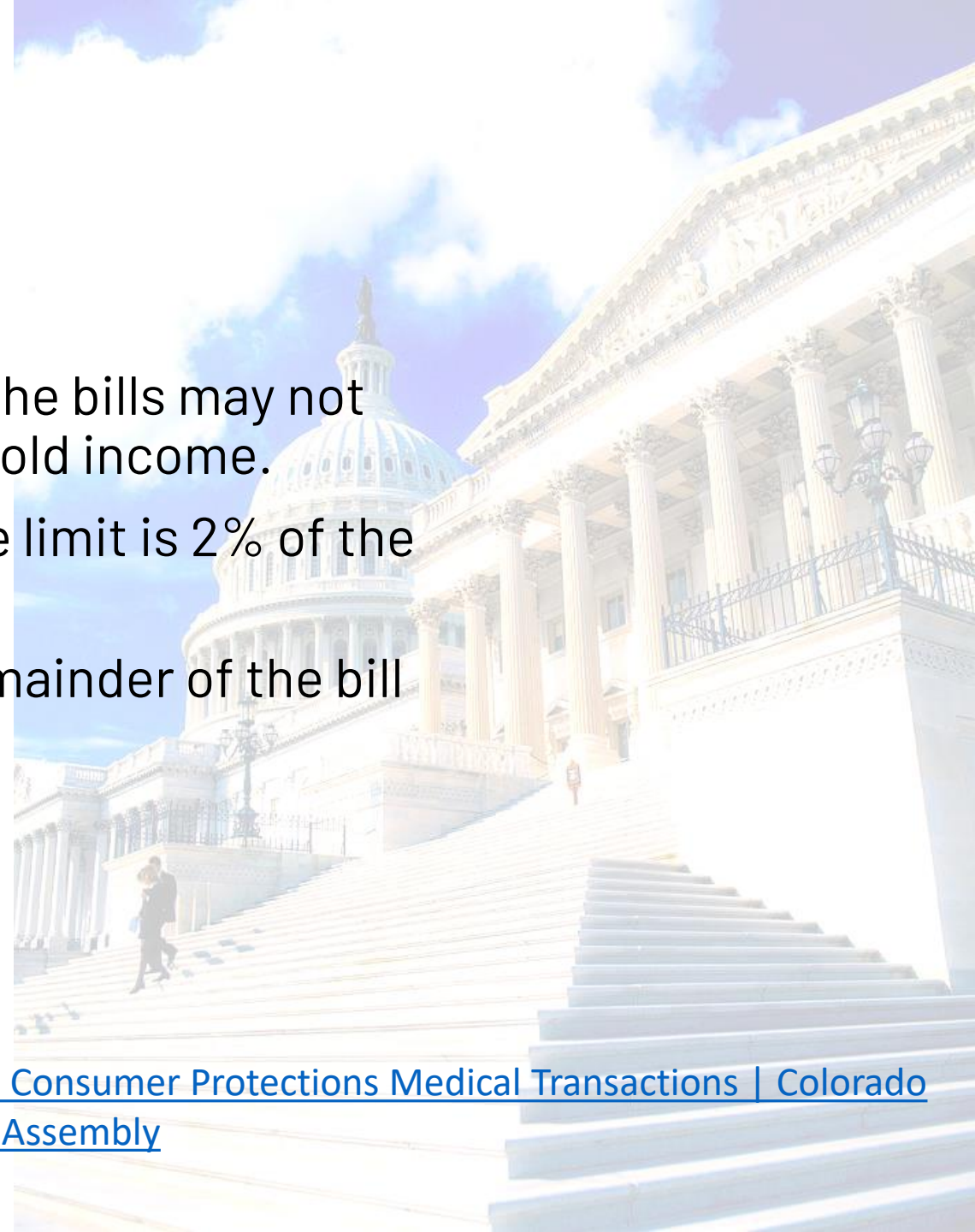
- Maine – No interest or collection service fees
- New Jersey – 3% Cap on interest
- Nevada – 5% Cap
- 





# Colorado

- Payment plans that are established to pay the bills may not exceed 4% of the patient's monthly household income.
- For bills from health care professionals, the limit is 2% of the monthly household income.
- Once 36 payments have been made, the remainder of the bill is forgiven.

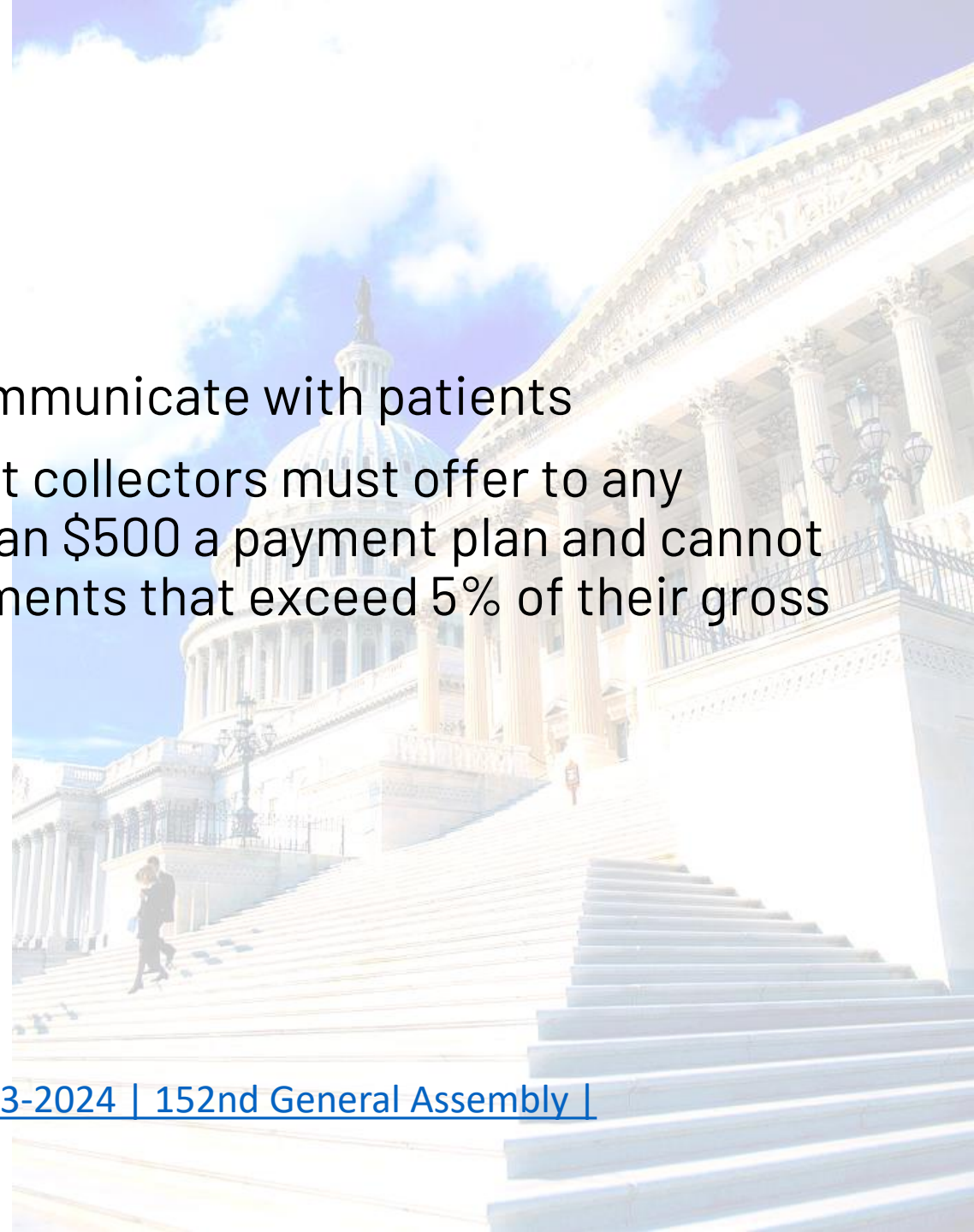


[Increase Consumer Protections Medical Transactions | Colorado General Assembly](#)

# Delaware

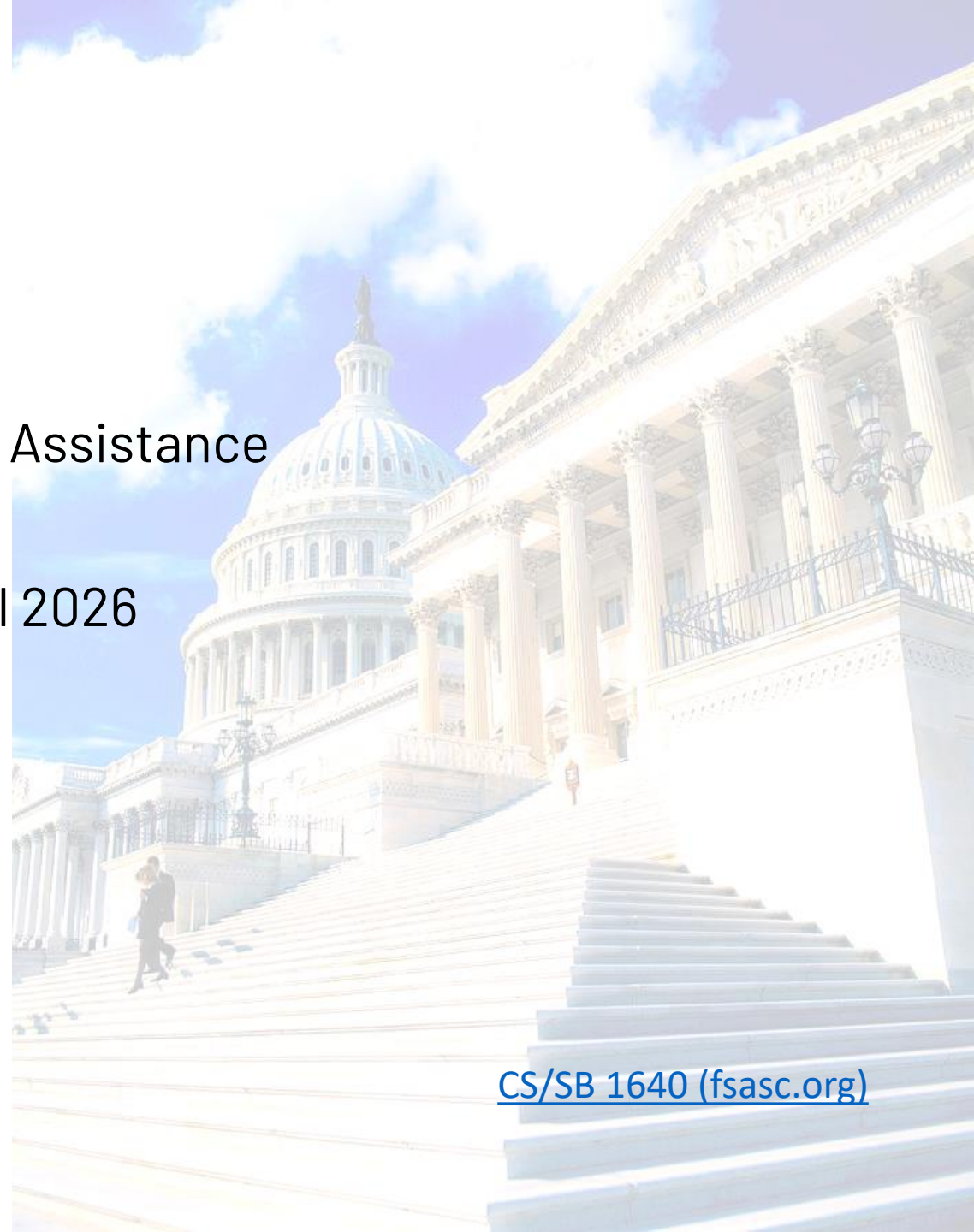
- If insurance review is pending cannot communicate with patients
- Large healthcare facilities & medical debt collectors must offer to any patient with outstanding debt of more than \$500 a payment plan and cannot require the patient to make monthly payments that exceed 5% of their gross monthly income.

[Bill Text: DE SB8 | 2023-2024 | 152nd General Assembly | Engrossed | LegiScan](#)



# Florida

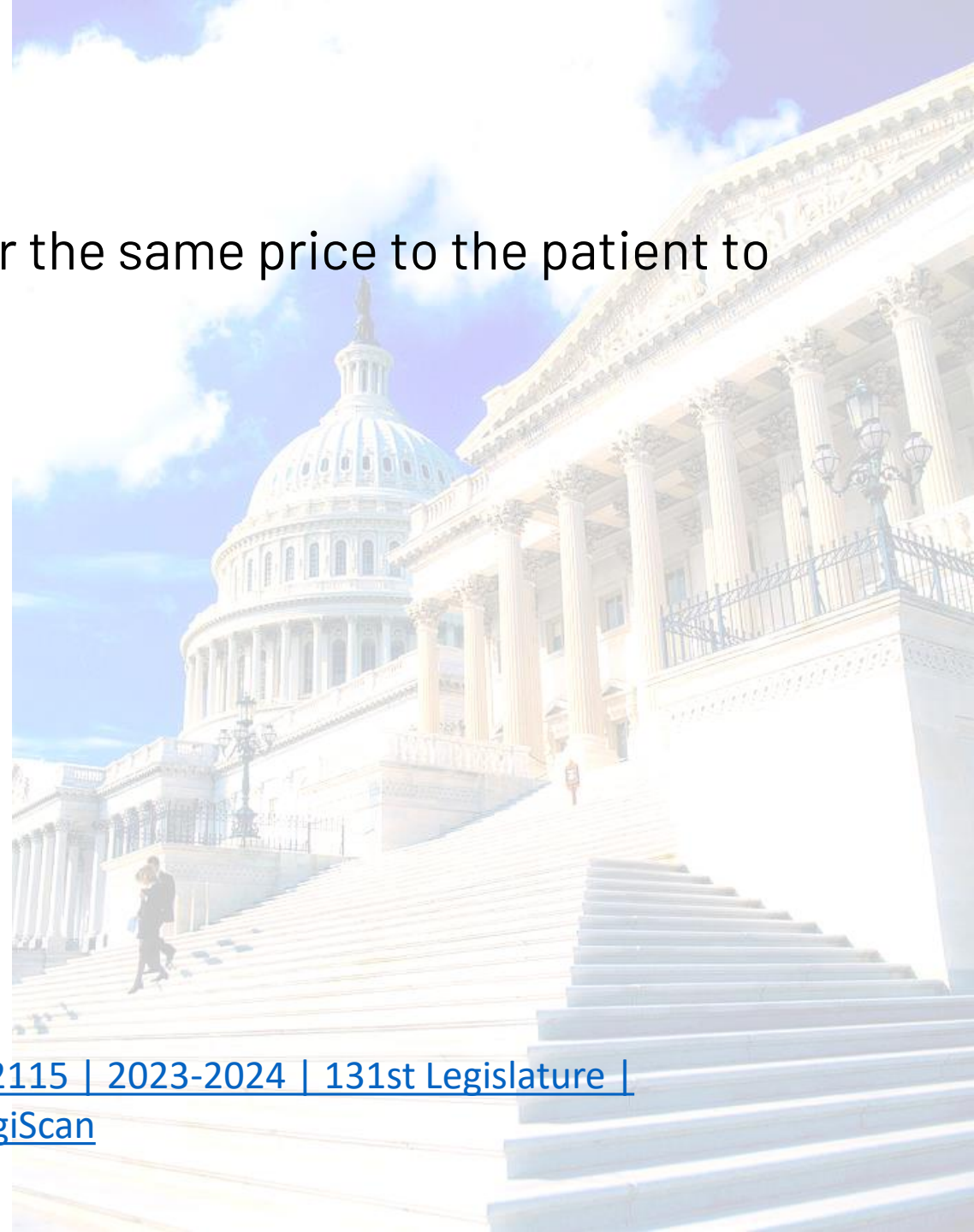
- Estimates or \$1000 fine per day
- Requires an Itemized Bill
- Requires “Reasonable Efforts” for Financial Assistance
- Cash Price for Services
- Does not apply to Ambulatory Services until 2026



# Maine

If you sell your medical debt, you have to offer the same price to the patient to purchase the medical debt.

[Bill Text: ME LD2115 | 2023-2024 | 131st Legislature | Introduced | LegiScan](#)




# Minnesota

- Generally, prohibits any “collecting party” (providers & debt collectors) from reporting medical debt to CRAs
- A health care provider must not deny medically necessary health treatment or services to a patient or the patient’s household or family member because of current or previous outstanding medical debt owed by the patient or any household or family member, regardless of whether the health treatment or service may be available from another health care provider.
- Prohibits transferring responsibility for medical debt to a patient’s spouse.
- Requires medical providers to publish their medical debt collection practices.
- If a health care provider or health plan company determines or receives notice (from patient or 3rd party) that a bill contains billing errors, then the health care provider or health plan company must review the bill and correct any errors found.

[SF 4097 3rd Engrossment - 93rd Legislature \(2023 - 2024\)](#)  
[\(mn.gov\)](#)

# New Jersey

- 120 Days after 1st statement before sent to collections.
- If insurance review is pending cannot communicate with patients



[Office of the Governor | Governor Murphy Signs "Louisa Carman Medical Debt Relief Act" \(nj.gov\)](https://www.nj.gov/governor/newsroom/2021/05/12/governor-murphy-signs-louisa-carman-medical-debt-relief-act/)

# Nebraska

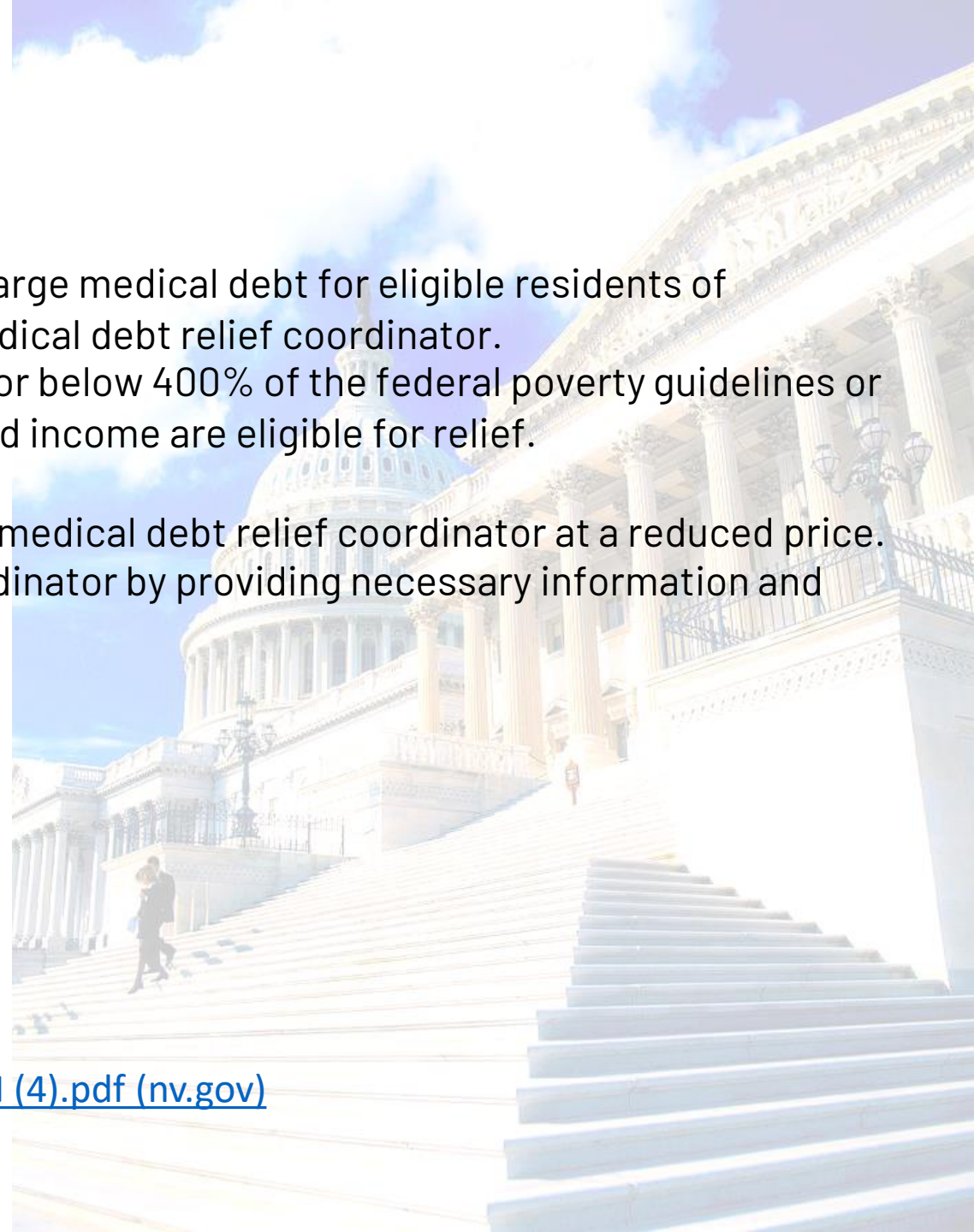
**Purpose of the Act:** The Medical Debt Relief Act aims to discharge medical debt for eligible residents of Nebraska by establishing a program that contracts with a medical debt relief coordinator.

**Eligibility:** Residents of Nebraska with household incomes at or below 400% of the federal poverty guidelines or who have medical debt equal to 5% or more of their household income are eligible for relief.

**Health Care Providers' Role:**

- Health care providers can sell or donate medical debt to the medical debt relief coordinator at a reduced price.
- Providers must coordinate with the medical debt relief coordinator by providing necessary information and participating in the program to help discharge the debt.

[SB248 EN \(4\).pdf \(nv.gov\)](#)



# HHS Announces Strengthening Cybersecurity Measures with HIPAA Security Rule

JANUARY 22, 2025



## [HHS Announces Strengthening Cybersecurity Measures with HIPAA Security Rule](#)

### Security and Incident Response

Implementing incident response protocols is essential preparation for potential catastrophic events. The four main points that need to be covered with your plan are:

- Document – Ensure your staff knows the procedures to follow when reporting suspected or known security incidents.
- Establish Plans – Having a written incident response allows staff to quickly and efficiently follow your response plan. It is also important to conduct regular tests to allow procedure revisions when needed.
- Restore – The ability to have critical systems and data back up and running within 72 hours of an incident minimizes the impact on your facility.
- Notify – When activating a contingency plan, covered entities must be notified within 24 hours.

### Technical Security Measures

The proposed HIPAA security rule works to strengthen overall security through technical measures. It calls for encrypting ePHI both at rest and in transit, use of multifactor authentication, and establishing standardized system configuration controls, including:

- Anti-malware protection
- Removal of unnecessary software
- Network port management based on risk analysis



## ***Contradicting CFPB***

## CFPB Lawsuit Contradicts FCRA Rule on Medical Debt Credit Reporting

Tag(s): [Advocacy](#), [CFPB](#), [Daily](#), [FCRA](#)



2164904558

The lawsuit, filed one day before the bureau released its medical debt rule, alleges a lender violated the Truth in Lending Act by failing to consider borrowers' full income and expense profiles, including health care costs, in their underwriting decisions. *Editor's note: This article is available for*

*members only.*

01/29/2025 3:40 P.M.

5.5 minute read

The Consumer Financial Protection Bureau filed a lawsuit against a mortgage lender just one day before releasing its final rule on the Fair Credit Reporting Act, which prevents accurate medical debts from being listed on credit reports.

The lender, Vanderbilt Mortgage & Finance Inc., specializes in non-bank manufactured home financing. In the [lawsuit](#) (PDF), the CFPB [alleges](#) that since 2014, "Vanderbilt violated the Truth in Lending Act and its implementing regulation, Regulation Z, by originating loans without making a reasonable, good faith determination of the consumer's ability to repay the loan."

In a [news release](#), the CFPB states, "In its underwriting process, Vanderbilt often disregarded evidence that borrowers did not have sufficient income or assets (other than the value of their home) to pay their mortgage and cover recurring obligations and basic living expenses, like food and health care. Sometimes, Vanderbilt originated loans for borrowers who were already struggling, making their financial situation worse. For example, Vanderbilt approved a loan for a family with 33 debts in collection and two young children. The borrowers fell behind only eight months after getting the mortgage."



# QUESTIONS

***Thank you for Attending***

***Shawn Gretz***

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