



Consumer Financial Protection Bureau Announces Rulemaking to Remove Medical Debt from Credit Reports, 9-27-2023

Medical debt could soon be barred from negatively affecting patients' credit scores under a proposed rule being considered by the Consumer Financial Protection Bureau (CFPB).

On September 21, 2023, the CFPB announced it's beginning the rulemaking process to remove medical bills from credit reports. If finalized, this would prohibit consumer credit companies from including medical debt and collection information on reports that creditors use to make underwriting decisions.

The move aims to help families recover financially from medical crises, limits debt collectors' ability to use the credit reporting system for medical debt, and ensure creditors are not relying on inaccurate data.

It is estimated by federal officials that some 100 million Americans struggle with unpaid medical bills. Previous research by the CFPB has shown that medical billing data on a credit report is less predictive of future repayment than reporting on traditional credit obligations.

"Research shows that medical bills have little predictive value in credit decisions, yet tens of millions of American households are dealing with medical debt on their credit reports," noted CFPB Director Rohit Chopra in a statement.

If finalized, the CFPB's medical debt rulemaking would:

- *Remove medical bills from consumers' credit reports;*
- *Stop creditors from relying on medical bills for underwriting decisions; and,*
- *Stop coercive collection practices.*

Under the proposal, debt collectors would no longer be able to leverage the credit reporting system to entice consumers into paying back medical debt.

The CFPB's reasoning behind the move acknowledges that mistakes and inaccuracies in medical billing are common and are often compounded by disputes over health insurance coverage and other complex billing practices.

The Fair Credit Reporting Act ("FCRA") currently restricts creditors' ability to use medical information in making lending decisions and partially restricts the inclusion of medical information on consumer credit reports.

The CFPB, Department of Health and Human Services, and the Treasury Department are currently reviewing information submitted by the public on medical billing practices potentially increasing regulation in that area. For more on the proposed FCRA rulemaking, see CFPB's press release [here](#).

KAUFMAN DOLOWICH IS HERE TO HELP

Please contact the [Consumer Financial Services](#) team at Kaufman Dolowich for further guidance on your FCRA questions.

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