

Consumer Protection for Medical Debt Collections Act

H.R. 1773, sponsored by U.S. Rep. Rashida Tlaib, D-Mich., seeks to amend the Fair Debt Collection Practices Act to provide a timetable for the collection of medical debt by debt collectors, to amend the Fair Credit Reporting Act to prohibit consumer reporting agencies from issuing consumer reports containing information about debts related to medically necessary procedures, and for other purposes.

Proposals in the bill for the 118th Congress include defining a medical debt in the FDCPA as “a debt arising from the receipt of medical services, products, or devices.”

The section on unfair practices in the FDCPA would be amended to state: “Engaging in activities to collect or attempting to collect a medical debt owed or due or asserted to be owed or due by a consumer, before the end of the 2-year period beginning on the date that the first payment with respect to such medical debt is due.”

The bill could impact medical billing and consumers’ knowledge of unpaid bills and delay credit reporting.

It also defines a “medically necessary procedure” as:

- 1) Health care services or supplies needed to diagnose or treat an illness, injury, condition, disease, or its symptoms and that meet accepted standards of medicine; and
- 2) Health care to prevent illness or detect illness at an early stage, when treatment is likely to work best (including preventive services such as pap tests, flu shots, and screening mammograms).”

There are additional proposed requirements for furnishers of medical debt information, including notifications to consumers before medical debts are reported and a prohibition on reporting debt related to “medically necessary procedures.”

ACA’s Take:

The lack of clarity surrounding what constitutes a “medically necessary procedure,” combined with delaying the ability to collect for a two-year period, would have a crippling impact on the U.S. economy, particularly for medical providers. The health care industry, which suffered shortages due to the pandemic and is experiencing reduced cash flow from credit reporting changes to medical debt collections, will be crushed by this legislation.

Furthermore, consumers will take on additional credit they cannot afford since their legally owed debt will not be cancelled, but rather just delayed for an arbitrary time period. Consumers may also miss deadlines to learn about insurance options and other charity care as a result of this delay, and be worse off as a result.