



April 5, 2023

Submitted via petitions@cfpb.gov

Hon. Rohit Chopra
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Request for Rulemaking Pursuant to the Fair Credit Reporting Act (FCRA)

Dear Director Chopra:

We are writing to urge you to begin a rulemaking under FCRA to prohibit the reporting of all medical debt on credit reports if such debt was incurred to obtain medically necessary services. This petition is submitted under Section 553(e) of the Administrative Procedure Act.

As the CFPB has highlighted in its own reports, medical debt is the most common type of consumer debt in collection, accounting for over \$88 billion. One-third of all American adults, disproportionately people with low incomes, have medical debt. As a result of discriminatory barriers to economic security, Black and Hispanic households are more likely than white households to hold medical debt. Medical debt brings all the financial strains of other types of consumer debt—damaged credit, barriers to employment and housing, and reduced capacity to save and spend on other necessities. It also brings unique health effects, including stress-related illness and diminished access to health care.

Medical debt, however, is unlike other debt in important ways. It does not signal profligate spending habits or accurately predict general creditworthiness. It is incurred for one reason – to pay for needed, often life-saving, medical services. And yet the incurrence of medical debt frequently results in downgraded credit reflected on consumer credit reports.

We applaud the recent efforts undertaken by the CFPB to ensure that consumer credit reports are accurate, particularly with respect to medical debt. In response to these initiatives, the three national consumer reporting agencies have announced major changes to how they will treat medical debt. Specifically, they have announced that they will remove from credit reports paid medical debt and all debt less than \$500 and will delay reporting medical debt for one-year after it is incurred. In addition, VantageScore, a major credit score modeling company, has announced that it will no longer



include medical debts in its two most-recent scoring models, establishing that medical debt is simply not necessary for predictive credit scoring.

Nonetheless, some medical debt will remain on consumer credit reports and this debt is typically held by the most economically disadvantaged consumers and disproportionately affects people of color. Thus, every time a full credit report is used for a credit, employment, or housing decision, these consumers are at risk of suffering harm. Moreover, there is no guarantee that the three national CRAs and VantageScore will not someday reverse their decisions concerning medical debt nor that other credit reporting agencies and credit modelers will similarly restrict the use of medical debt information. Consumers should not have to fear that changing policy winds or boardroom membership will subject them to downgraded credit based on a metric now shown to be unnecessary to the evaluation of credit worthiness.

For these reasons, we urge the CFPB to undertake a rulemaking to prohibit the appearance of all medical debt on consumer credit reports. The CFPB's authority to do so is fulsome. Section 621(e) of FCRA authorizes the CFPB to "prescribe regulations as may be necessary or appropriate to administer and carry out the purposes of the FCRA." And one of these purposes, specified at Section 602(a) of the FCRA, is to ensure that credit reporting is "fair and equitable" to consumers. Fairness and equity demand that important decisions impacting the daily life of consumers not be effected by irrelevant data.¹

Therefore, we urge the CFPB to promptly initiate a rulemaking to prohibit the inclusion of all medical debt in consumer credit reports. If you have any questions, please feel free to email estewart@communitycatalyst.org.

Sincerely,

Emily Stewart

Executive Director
Community Catalyst

¹ The CFPB should also exercise its authority under Section 604(g)(2) of FCRA concerning the use of medical data in credit decision making and repeal Section 1022.30(d) of Regulation V that currently allows for such uses.