

Relieving Patients from the **Burden of Bad Credit**



#ENDMEDICALDEBT

What is The Fair Medical Debt Reporting Act (S4907/A6275)?

This bill would protect patients from having their credit ruined due to the reporting of medical debt to credit bureaus.

Medical debt is a serious problem afflicting 100 million Americans (41% of the population). Medical debt is not an equal opportunity problem: **28% of African Americans and 22% of Latinx people carry medical debt versus 17% of white people.** Medical providers and their collection entities often send unpaid accounts to third-party credit reporting agencies.

A bad credit score has serious consequences; it can prevent a patient from **securing a job, renting an apartment, buying a car, and securing a loan or a mortgage.** The federal Consumer Financial Protection Bureau has found that credit reporting of medical debt is rife with errors and not predictive of a consumer's ability to pay future bills.¹ This is because the reporting agencies do not have access to provider and insurance records. A New York poll reveals that 41% of New Yorkers have either appealed a medical bill or paid one they didn't think they owed for fear of being sued or placed into collections.²

While the credit reporting agencies have voluntarily agreed to not report medical debts below \$500, **this does not protect patients in New York State, where health care prices are notoriously high**—and where people of color carry much higher amounts of debt than their white counterparts.³

In recognition of the need to further protect patients from medical debt reporting, the Consumer Financial Protection Bureau ruled in 2022 that state laws prohibiting medical debt reporting would not be preempted by federal collection laws. **This bill will help ensure that patients are able to secure the health care they need, without fear of facing financial ruin.**

1. Consumer Financial Protection Bureau, "Debt Collectors Re-Evaluate Medical Debt Furnishing in Light of Data Integrity Issues," February 14, 2023, available at: <https://www.consumerfinance.gov/about-us/blog/debt-collectors-re-evaluate-medical-debt-furnishing-in-light-of-data-integrity-issues/>.

2. "How New Yorkers Feel about Affordability and Healthcare Reform," Statewide Survey Conducted for the Robert Wood Johnson Foundation by Perry/Undem, March 2022; available at: https://smhttp-ssl-58547.nexcesscdn.net/nycss/Affordability_NY_D4.pdf.

3. Urban Institute, "Medical Debt in New York State Varies Widely Across Regions and Communities," March 2023, available at: <https://www.urban.org/sites/default/files/2023-02/Medical%20Debt%20in%20New%20York%20State%20Varies%20Widely%20Across%20Regions%20and%20Communities.pdf>.



The #EndMedicalDebt Campaign is a project
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