

112TH CONGRESS  
1ST SESSION

# H. R. 2086

To exclude from consumer credit reports medical debt that has been in collection and has been fully paid or settled, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 2011

Mr. SHULER (for himself, Mr. MANZULLO, Ms. VELÁZQUEZ, and Mr. HALL) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To exclude from consumer credit reports medical debt that has been in collection and has been fully paid or settled, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medical Debt Respon-  
5 sibility Act of 2011”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds the following:

1           (1) Medical debt is unique, and Americans do  
2 not choose when accidents happen or when illness  
3 strikes.

4           (2) Medical debt collection issues affect both in-  
5 sured and uninsured consumers.

6           (3) According to credit evaluators, medical debt  
7 collections are more likely to be in dispute, inconsist-  
8 ently reported, and of questionable value in pre-  
9 dicting future payment performance because it is  
10 atypical and nonpredictive.

11           (4) Nevertheless, medical debt that has been  
12 completely paid off or settled can significantly dam-  
13 age a consumer's credit score for years.

14           (5) As a result, consumers can be denied credit  
15 or pay higher interest rates when buying a home or  
16 obtaining credit.

17           (6) Healthcare providers are increasingly turn-  
18 ing to outside collection agencies to help secure pay-  
19 ment from patients and this comes at the expense of  
20 the consumer because medical debts are not typically  
21 reported unless they become assigned to collections.

22           (7) In fact, medical bills account for more than  
23 half of all collection actions reported to consumer  
24 credit reporting agencies.

25           (8) The issue of medical debt affects millions.

1           (9) According to the Commonwealth Fund,  
2           medical bill problems or accrued medical debt affects  
3           73,000,000 working-age adults in America.

4           (10) For 2010, 30,000,000 working-age Amer-  
5           ican adults were contacted by a collection agency for  
6           unpaid medical bills.

7           (b) PURPOSE.—It is the purpose of this Act to ex-  
8           clude from consumer credit reports medical debt that had  
9           been characterized as delinquent, charged off, or debt in  
10          collection for credit reporting purposes and has been fully  
11          paid or settled.

12       **SEC. 3. AMENDMENTS TO FAIR CREDIT REPORTING ACT.**

13          (a) MEDICAL DEBT DEFINED.—Section 603 of the  
14          Fair Credit Reporting Act (15 U.S.C. 1681a) is amended  
15          by adding at the end the following new paragraph:

16               “(z) MEDICAL DEBT.—The term ‘medical debt’  
17          means a debt described in section 604(g)(1)(C).”.

18          (b) EXCLUSION FOR PAID OR SETTLED MEDICAL  
19          DEBT.—Section 605(a) of the Fair Credit Reporting Act  
20          (15 U.S.C. 1681c(a)) is amended by adding at the end  
21          the following new paragraph:

22               “(7) Any information related to a single fully  
23          paid or settled medical debt in an amount of \$2,500  
24          or less that had been characterized as delinquent,  
25          charged off, or in collection which, from the date of

1 payment or settlement, antedates the report by more  
2 than 45 days.”.

3 **SEC. 4. PAYGO BUDGETARY EFFECTS.**

4 The budgetary effects of this Act, for the purpose of  
5 complying with the Statutory Pay-As-You-Go Act of 2010,  
6 shall be determined by reference to the latest statement  
7 titled “Budgetary Effects of PAYGO Legislation” for this  
8 Act, submitted for printing in the Congressional Record  
9 by the Chairman of the House Budget Committee, pro-  
10 vided that such statement has been submitted prior to the  
11 vote on passage.

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