

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3421

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## AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Medical Debt Relief  
3 Act of 2010”.

4 **SEC. 2. FINDINGS AND PURPOSE.**

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

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

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

11 (3) According to credit evaluators, medical debt  
12 collections are more likely to be in dispute, inconsis-  
13 tently reported, and of questionable value in pre-  
14 dicting future payment performance because it is  
15 atypical and nonpredictive.

16 (4) Nevertheless, medical debt that has been  
17 completely paid off or settled can significantly dam-  
18 age a consumer’s credit score for years.

19 (5) As a result, consumers can be denied credit  
20 or pay higher interest rates when buying a home or  
21 obtaining a credit card.

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

1           (7) In fact, medical bills account for more than  
2           half of all non-credit related collection actions re-  
3           ported to consumer credit reporting agencies.

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

5           (9) According to the Commonwealth Fund,  
6           medical bill problems or accrued medical debt affects  
7           roughly 72,000,000 working-age adults in America.

8           (10) For 2007, 28,000,000 working-age Amer-  
9           ican adults were contacted by a collection agency for  
10          unpaid medical bills.

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

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

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

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

22          (b) EXCLUSION FOR PAID OR SETTLED MEDICAL  
23          DEBT.—Section 605(a) of the Fair Credit Reporting Act  
24          (15 U.S.C. 1681c(a)) is amended by adding at the end  
25          the following new paragraph:

1           “(7) Any information related to a fully paid or  
2           settled medical debt that had been characterized as  
3           delinquent, charged off, or in collection which, from  
4           the date of payment or settlement, antedates the re-  
5           port by more than 45 days.”.

6 **SEC. 4. PAYGO BUDGETARY EFFECTS.**

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

          Passed the House of Representatives September 29,  
2010.

Attest:

*Clerk.*



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