

CONSUMER FINANCIAL PROTECTION BUREAU | APRIL 2022

Complaint Bulletin

Medical billing and collection issues described in consumer complaints



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Executive Summary

- This report analyzes consumer complaints submitted to the Consumer Financial Protection Bureau (CFPB). In 2021, the CFPB sent more than 750,000 complaints to approximately 3,400 companies for review and response. The topic of medical debt typically arose in complaints about debt collection and complaints about credit or consumer reporting.
- Complaints provide additional evidence that medical billing poses special risks to individuals and families. Medical care is often unexpected, making it difficult to compare costs and shop. Medical billing and health insurance programs are complex, which can result in people being charged for bills they do not owe. Financial aid programs vary, and individuals report not being considered for these benefits.
- In 2021, approximately 15% of debt collection complaints were about attempts to collect a medical debt. Two primary topics were raised by consumers in their complaints:
 - **Consumers reported that the debt being collected was already paid, does not belong to them, or is otherwise incorrect.** The most common issue in debt collection is about attempts to collect a debt that the individual says is not owed. In medical debt collection complaints, this issue makes up nearly half of complaints and, importantly, complaint volume about this topic has been increasing.
 - **Consumers reported that information included in collection notices for medical bills raised concerns for them.** Individuals reported that collection notices either did not contain sufficient information to identify and verify the debt or they contained too much information, such as personal medical information.
- In complaints about medical debt and consumer reporting issues, consumers often expressed surprise and frustration about finding out about old or small medical debts when checking their credit report—often while they were in the midst of applying for credit.
- The appearance of disputed, inaccurate, and not-owed bills on credit reports raises questions both as to legal compliance of market participants and may undermine the usefulness and integrity of the credit reporting system to creditors and other market participants.

- Two major changes will affect medical billing and consumer reports: the No Surprises Act went into effect, which will protect patients from some unexpected medical bills, and the three largest consumer reporting companies announced joint measures that would result in the removal of nearly 70 percent of paid medical debt tradelines from consumers' reports.

1. Introduction

Getting sick or hurt not only affects a person's physical and mental health, it can also have a significant impact on their ability to meaningfully participate in the financial marketplace, get a job, or find housing. This can happen when their medical bills, both large and small, are referred to collections and furnished to the credit reporting system. These bills, once placed on a consumer's credit report, can result in reduced access to credit, increased risk of bankruptcy, avoidance of medical care, and difficulty securing employment, even when the bill itself is inaccurate or erroneous.¹

Even relatively small bills—the median medical debt in the U.S. is \$310—can have outsized impacts on an individual's or family's well-being.² The CFPB has heard from many people who described how collections and reporting of alleged medical bills prevented them from meeting a major life goal such as buying a home. For example, a consumer reported:

I'm currently in the process of buying a house and unknown [medical] collection account showed up on my credit report and dropped my score drastically. I've never heard from this company. I've never gotten any emails phone calls or any letters from them stating that I owed the [debt], it was placed on my credit without any notification about it ...³

¹ See, e.g., Press Release, Consumer Fin. Prot. Bureau, CFPB Estimates \$88 Billion in Medical Bills on Credit Reports (Mar. 1, 2022), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-estimates-88-billion-in-medical-bills-on-credit-reports/>. See also Consumer Fin. Prot. Bureau, *Medical Debt Burden in the United States* (Feb. 2022), https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf (“CFPB Medical Debt Report”).

² CFPB Medical Debt Report, *supra* note 1 at 9.

³ Consumer Complaint 4091940, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4091940>. See also Consumer Complaint 4723984, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4723984> (“I would like this [medical debt] removed because as of right now it's hurting my score and hurting my chances on buying a house”); Consumer Complaint 4839857, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4839857> (“I was checking my credit report because I'm in the process of buying a house when I found out two days ago. The collection company's name is [debt collector] and the original creditor is [medical provider]. I have no idea who these people are.”).

These negative effects are widespread: medical bills are the most commonly reported type of trade line on consumer credit reports, constituting 58% of all third-party collection trade lines.⁴ The ongoing COVID-19 pandemic and its known repercussions—including medical debt arising from treatment, lost employment and income from illness, business closures, and lockdowns, and the expected surge of routine medical care deferred during the pandemic—has made the issue of medical billing especially salient for many.⁵ The salience of this issue is only compounded by the fact that we cannot yet know the full weight and impact of other pandemic-related medical issues, and the effect of delays in preventative care and routine screenings.

Some groups of people are much more likely to have medical bills reported on their credit reports. People living in communities with higher preponderance of minority or low-income individuals, veterans, and young adults are more likely to have medical bills reported on their credit reports.⁶ Medical debt is also more common in the southern U.S., in part because states in that region did not expand Medicaid coverage.⁷

The CFPB is issuing this report, which draws from complaints handled by the CFPB, to better illustrate how medical billing and collections may impact consumers long after they have received treatment. While consumers may face similar challenges with other types of debt collection, the CFPB is particularly interested in tracking and observing complaints that arise from medical debt collection.

The data in this report is not intended to provide a statistical sample of all consumers' experiences and, therefore, does not draw conclusions about the frequency with which the reported issues occur in the entire marketplace. But the information provided by consumers illustrates where there may be a mismatch between consumer expectations and actual

⁴ CFPB Medical Debt Report, *supra* note 1 at 2.

⁵ See, e.g., Sara Collins, Gabriella Aboulafia & Munira Gunja, The Commonwealth Fund, *As the Pandemic Eases, What Is the State of Health Care Coverage and Affordability in the U.S.?* (July 16, 2021), <https://www.commonwealthfund.org/publications/issue-briefs/2021/jul/as-pandemic-eases-what-is-state-coverage-affordability-survey> (survey showing that more than half of U.S. adults who contracted COVID-19 or lost income during the pandemic also struggled with medical debt).

⁶ See, e.g., CFPB Medical Debt Report, *supra* note 1 at Section 3.1.1. See also Nat'l Consumer L. Ctr, *The Racial Health and Wealth Gap: Impact of Medical Debt on Black Families* (Mar. 2022), <https://www.nclc.org/images/pdf/medical-debt/RacialHealth-Rpt-2022.pdf>. See also discussion *infra* Section 3.1.2 (discussing servicemembers' experiences with collections of medical bills and recent measures enacted by the U.S. Department of Veterans Affairs to reduce financial distress for veterans by requiring all other methods of debt collection to be exhausted before a veteran's bill is reported to consumer reporting agencies).

⁷ CFPB Medical Debt Report, *supra* note 1 at 9. See also Medicaid & CHIP Payment & Access Comm'n, *Overview of the Affordable Care Act and Medicaid*, <https://www.macpac.gov/subtopic/overview-of-the-affordable-care-act-and-medicaid/> (discussing how the Affordable Care Act made a number of changes to Medicaid, including expansion of eligibility to adults, and court rulings later made the expansion an option; to date, over three-quarters of states have opted to expand).

experiences. This report on consumer-reported issues can aid industry and consumer assistance organizations in understanding the diversity of consumer experience in the market.

2. Characteristics of medical debt

The CFPB has previously discussed how several characteristics of medical debt pose special risks to consumers and distinguish it from other types of debt.⁸ Consumers echo these findings in describing the experiences they have had when seeking medical care.

Medical care can be unexpected

Unlike most financial transactions, people seldom have the time or ability to shop for the best price for medical care. Medical care is often obtained during stressful or time-pressured situations. People do not generally plan in advance to experience a medical emergency, nor do they have control over the development or progress of a serious illness. Vagaries in insurance coverage further complicate peoples' efforts to manage medical expenses.

The CFPB has heard from consumers who described receiving unexpected medical care, including ambulance and emergency department services.⁹ This care often costs many hundreds or thousands of dollars that patients frequently thought their insurance would cover, illustrating the difficulty in determining, in advance, what the cost of necessary services would be.¹⁰ For example, an individual reported:

I was transported via ambulance from [Hospital A] to [Hospital B] by [ambulance transport provider] on July [XX], 2021. They are an out of the network provider. Their services were selected by unknown person(s) at [Hospital A] without my specific knowledge. I was billed [about \$1500]. [My] insurance covered amount [about \$1100], leaving a patient responsibility balance of [about \$200]. ... There

⁸ See Bulletin 2022-01: Medical Debt Collection and Consumer Reporting Requirements in Connection With the No Surprises Act, 87 FR 3025 (Jan. 20, 2022), <https://www.federalregister.gov/documents/2022/01/20/2022-01012/bulletin-2022-01-medical-debt-collection-and-consumer-reporting-requirements-in-connection-with-the>.

⁹ The No Surprises Act, which became effective on January 1, 2022, protects consumers from some unexpected medical bills. *See* discussion *infra* Section 4.

¹⁰ *See, e.g.*, Consumer Complaint 4641314, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4641314> (consumer reported being charged for an ambulance bill that was covered by insurance).

was a disallowed amount of [about \$160] as referenced on the [insurance] EOB ... Since then I have been repeated harassed by telephone by [a debt collector] claiming an outstanding balance due ...¹¹

The CFPB has also heard from individuals who described debts incurred after receiving emergency care—such as surgery or maternity care—that later resulted in debt collection. For example, one person reported:

In the summer of 2019, I was travelling to Las Vegas for a work conference ... While I was in Las Vegas, I had to have an emergency appendectomy - necessitating several different medical/emergency response entities to help address my issue (i.e. 24/7 emergency doctor to diagnose, private EMT company to transport me from emergency doctor to actual hospital, hospital stay, surgery, etc.).

All told, at the end of my predicament, I received nearly \$90,000 in medical bills. However, because this was an emergency, my insurer [company] said they would cover all of the expenses, even though I was out of network. ...

[The medical provider] failed to be properly reimbursed by [insurance], so they gave their outstanding bill ([about \$1,300] out of the more than \$90,000 for my full treatment) over to [a collector] as a debt to be collected [from] me personally.¹²

Medical billing can be complicated

Even if the consumer seeking medical care has the time and presence of mind to make a careful, reasoned assessment of the risks and benefits of incurring the expense, their ability to do so can be stymied by the often opaque way that medical procedures are priced and billed in the United States. Patients often receive bills for substantially more than expected for a variety of reasons, including billing errors, unavailable information about the costs of tests and procedures, or unknowingly receiving care from an out-of-network provider.¹³

For example, the CFPB has heard from consumers who described being incorrectly billed large amounts of money for basic tests or receiving unexpectedly high bills for urgent surgery received from an out-of-network provider. According to one patient:

¹¹ Consumer Complaint 5113937, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5113937>.

¹² Consumer Complaint 5243290, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5243290>.

¹³ See discussion *infra* Section 4.

[In] February 2018, I underwent a life-threatening surgery that is covered under emergency benefits with my insurance. When the surgeon from [a provider] sent the claim to the insurance company, they denied it because the surgeon was out of network, even though I am covered in severe, life threatening cases, regardless of the network the services is acquired. We appealed this with the insurance company and were denied multiple times.

The surgeon ... sent my name to collections for the remaining balance of \$29k when in fact, it's the insurance company, [insurer], that is delinquent. Now [the debt collector] has put a huge \$29k debt on my name and has ruined my credit. Over a medical issue that was completely covered.¹⁴

Health insurance programs can also be complicated

The complex structure of health insurance, Medicare, and Medicaid results in individuals being surprised to discover after the fact that medical care they had assumed or had been assured was covered was, in fact, not. Patients and their families can be caught between insurance providers and health care providers. For example, in cases of overlapping coverage in workplace or traffic injuries, it can be unclear what is owed to whom. Trying to resolve these inconsistencies can be time-consuming and frustrating, even when the individual's immediate medical issue has been resolved. The CFPB has heard from people who described being informed by their healthcare provider that they owed nothing for the care received, only to have their account later sent to collections. According to a patient:

On 10/[XX]/2019 I was taken to the emergency room of the [provider]. After being treated and discharged the desk attendant stated that they had my account on file and that I owed no money for the service in the hospital. I exited the building and went on with my life. ... Two months later I received statements of account asserting that I owed money to the hospital for services rendered, contradictory to the assertion of the attendant. I submitted my insurance and charity care¹⁵ account information to them via telephone.

A couple of months after that I received another statement stating that I was past due on payments. I again called in and submitted my insurance information to the representative. A month after that I received another statement claiming that I was

¹⁴ Consumer Complaint 4579392, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4579392>.

¹⁵ See discussion *infra* Financial aid programs vary (“Charity care is free or discounted medically necessary health care that hospitals offer to people who otherwise cannot afford treatment.”).

delinquent on my debt. I then used the USPS return slip they submitted to me to return them documentation of insurance and my charity care coverage.

Finally, after almost 1.5 years, they have again escalated the situation by sending my account into collections, with an incorrect amount. This is negligence in its purest form.¹⁶

As time passes, it can become more difficult to resolve errors, especially as medical providers turn accounts over to collections. For example, according to a patient:

I had a medical emergency on December [XX], 2018. I have insurance and submitted my insurance card/info. The hospital visit was paid, but the doctor which was a contracted doctor through the hospital was never paid. A year later I started receiving calls from a debt collector requesting the payment. I called the hospital and the insurance company and explained I have insurance and why this bill went to debt collection. They could not help me as #1 it is now a year later, and they will no longer submit the payment thru insurance and #2 since it is in debt collection, they will not do anything.

Main issue is that I had insurance and it is not my fault that the doctor payment was never sent through insurance until a year later and now insurance won't take care of it. We have been getting the same calls every year since 2018 and no one can help us. The debt collection is attempting to make us pay \$500 for the doctor when insurance should be paying.¹⁷

Financial aid programs can be difficult to access

Charity care is free or discounted medically necessary health care that hospitals offer to people who otherwise cannot afford treatment. Under the Affordable Care Act, nonprofit hospitals are required to offer charity care to eligible patients to maintain their nonprofit status. Also, some states require non-profit hospitals to offer charity care in order to receive state tax exemptions.¹⁸ Some research suggests that hospitals differ significantly on the amount of charity care provided

¹⁶ Consumer Complaint 4122214, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4122214>.

¹⁷ Consumer Complaint 5056711, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5056711>.

¹⁸ See, e.g., The Hilltop Institute, *Community Benefit State Law Profiles*, <https://hilltopinstitute.org/our-work/hospital-community-benefit/hospital-community-benefit-state-law-profiles/>.

to patients.¹⁹ The CFPB has heard from individuals who experienced difficulties accessing charity care or financial assistance programs, including individuals who reported their accounts being sent to collections. For example, a patient reported:

[The provider] referred me to [the debt collector] for a medical bill that they wrongfully sent to collections, after [they] advised me I was eligible for Charity Care. I submitted the application and required documents and was told Charity Care picked up my account and my balance was \$0. They didn't send me prior notice or call me to inform if they had made an error or before they decided to reverse the fees and refer me to collections....²⁰

Another consumer reported:

In November I received a letter from [debt collector] saying I had till December [XX], 2020 to submit a financial aid application to [provider] or pay this debt for [about \$3400]. [On] December [XX], 2020 I mailed a financial aid application to [the provider]. On January [XX], 2021 [provider] sent a letter saying they reviewed my Financial Aid application and I qualify for 100% charity discount through 7/[XX]/2021. On January [XX], 2021 [debt collector] added this debt to my credit report. ...²¹

COVID-19 has increased complexity

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This Act included a number of health-related provisions, including COVID-19 claim reimbursement to health care providers and facilities for testing, treatment, and vaccine administration for the uninsured.²² The CFPB has heard from individuals who stated that their debt stemmed from a visit to the emergency department due to COVID-19. These individuals

¹⁹ See, e.g., GE Bai, Farah Yehia & Gerard Anderson, *Charity Care Provision by US Nonprofit Hospitals* (Feb. 17, 2020), <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2760774>.

²⁰ Consumer Complaint 4812587, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4812587>. See also Consumer Complaint 4571884, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4571884> (“I received medical care from [Hospital] March 2018. I filled out an application for Financial Assistance/Charity Care within a week of services rendered. I was uninsured, unemployed, receiving SNAP, single parent of a baby and transient at the time due to leaving an unsafe situation. [Hospital] made no attempt to reasonably contact me (not even a phone call to help before selling it off) of their determination and sold the debt; reporting adverse information.”).

²¹ Consumer Complaint 4080073, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4080073>.

²² U.S. Dep’t Health and Hum. Serv., *COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured* (Feb. 2022), <https://www.hrsa.gov/CovidUninsuredClaim>.

described being told or having assumed that their care would be covered under these special CARES Act provisions. For example, the CFPB heard from a patient who described collection attempts following a trip to the emergency room:

On April [XX], 2020, I was attended at [an emergency department] with a suspecting of COVID. I wasn't feeling well and during the interview previous to my attendance I made clear I did not had insurance to cover for the medical emergency. They told me not to be concerned about it as it would be treated as an COVID emergency. They never made me clear I would start receiving collection attempts just a few days after my attendance. It is really outrageous that they are taking advantage of people at a time of weakness...²³

²³ Consumer Complaint 4371592, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4371592>.

3. Issues faced by consumers

The CFPB sent more than 750,000 complaints to companies for review and response in 2021.²⁴ The topic of medical debt frequently arose in the context of debt collection and consumer reporting. Last year, 15% of debt collection complaints were about attempts to collect a medical bill.²⁵ Additionally, consumers mentioned “medical” in several thousand complaints about credit or consumer reporting.

As part of its effort to monitor complaints, the CFPB reviews consumers’ complaints and company responses to better understand the challenges consumers experience with financial products and services, and how companies are responding to consumers’ concerns.²⁶ The CFPB’s analysis of complaints suggest that written notices and attempts to collect alleged debts are areas of concern once a medical provider turns a medical bill over to a third-party debt collector. The following discussion highlights some of these areas.

3.1 Collection of medical bills

In complaints about the collection of medical bills, the CFPB noted concerns about two main topics. First, consumers often submit complaints stating that the alleged debt being collected was already paid, does not belong to them, or is otherwise incorrect. Second, consumers often submit complaints about the written notices they receive when collectors are attempting to collect a debt.

²⁴ See Consumer Fin. Prot. Bureau, *2021 Consumer Response Annual Report*, *supra* note 9. When the CFPB is unable to send a complaint to a company for response, it refers the complaint to another federal agency (e.g., the Federal Trade Commission) and lets the consumer know.

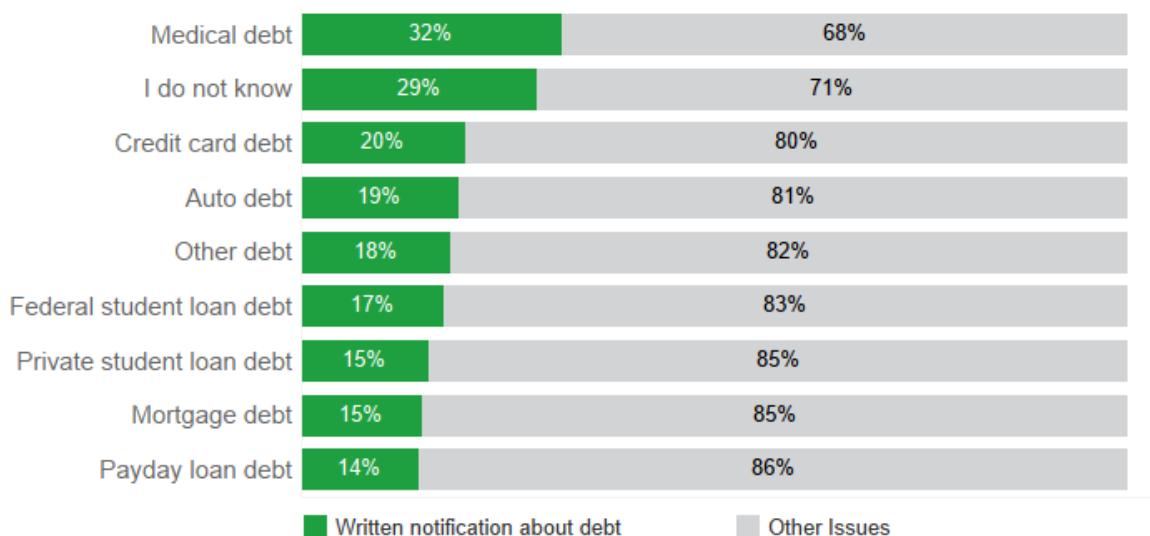
²⁵ Figures in this report focus only on complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief.

²⁶ See Consumer Fin. Prot. Bureau, *2021 Consumer Response Annual Report*, *supra* note 9 at Section 1 (How the CFPB uses complaint information).

3.1.1 Written notices

When submitting debt collection complaints, consumers are asked to specify the type of debt, as well as the issue that best describes the problem they experienced. Thirty-two percent of closed debt collection complaints about medical debt concern the topic of *Written notification about debt*—a greater percentage than any other debt type, including debts that are not recognized by the consumer (Figure 1). Consumers reported that information on medical debt collection notices can be problematic for one of two reasons.

FIGURE 1: DEBT COLLECTION COMPLAINTS BY SUBPRODUCT, COMPARED BETWEEN ‘WRITTEN NOTIFICATION ABOUT DEBT’ AND ALL OTHER ISSUES



Some consumers reported that collection notices did not contain enough information to identify the debt while others reported that notices contained far too much personal medical information.

Consumers sometimes reported that collection notices did not contain sufficient information to identify and verify the alleged debt.

Consumers often stated that they were not familiar with the provider listed in the written notice. This can happen when the name of the healthcare provider listed on the notice is different from the name of the professional or professionals who provided treatment—as is often the case when a provider is part of a larger medical group. This can also happen when the notice comes from a third-party debt collector that the consumer has never heard of, or when there is simply not enough information on the notice to identify the debt. As one person stated:

I have checked my Experian credit score and saw a significant drop due to an unrecognized amount of debt collection from [a debt collector] ... Due to an unrecognized bill [that came] from [a healthcare provider].

I have never been to this place and when I called the [debt collector] the woman took my SSN and told me I owe the amount of [about \$1,370] and hung up the phone without any more information.²⁷

In other cases, consumers reported that collection notices contained large amounts of personal medical information that the consumer found upsetting or alarming.

These notifications often included detailed bills that listed procedures, tests, and medications that the consumer received. Consumers sometimes described feeling that collection notices included more personal medical information than authorized or permissible under the Health Insurance Portability and Accountability Act (HIPAA). For example, a patient stated:

I have requested validation of an item reported to by [the debt collector] for a bill associated with [a healthcare provider]. Instead, I received my confidential medical records in response... I do not recall giving permission to [the healthcare provider] for them to release my medical information to a third party. I am aware that HIPAA does allow for limited information about me but anything more is to only be revealed with the patient's authorization especially as this debt is no longer owed to the original creditor.²⁸

In late 2020, the CFPB issued a final rule amending Regulation F (Debt Collection Practices). Among other things, the rule clarified the information debt collectors must provide to consumers at the outset of debt collection communications,²⁹ including information about the debt and the consumer's rights in collection.³⁰ The CFPB is closely monitoring debt collectors' compliance with these requirements.³¹

²⁷ Consumer Complaint 4310287, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4310287>.

²⁸ Consumer Complaint 4386036, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4386036>.

²⁹ See Consumer Fin. Prot. Bureau, *Executive Summary of the December 2020 Debt Collection Rule* (Dec. 18, 2020), https://files.consumerfinance.gov/f/documents/cfpb_december_2020_debt_collection_executive_summary.pdf.

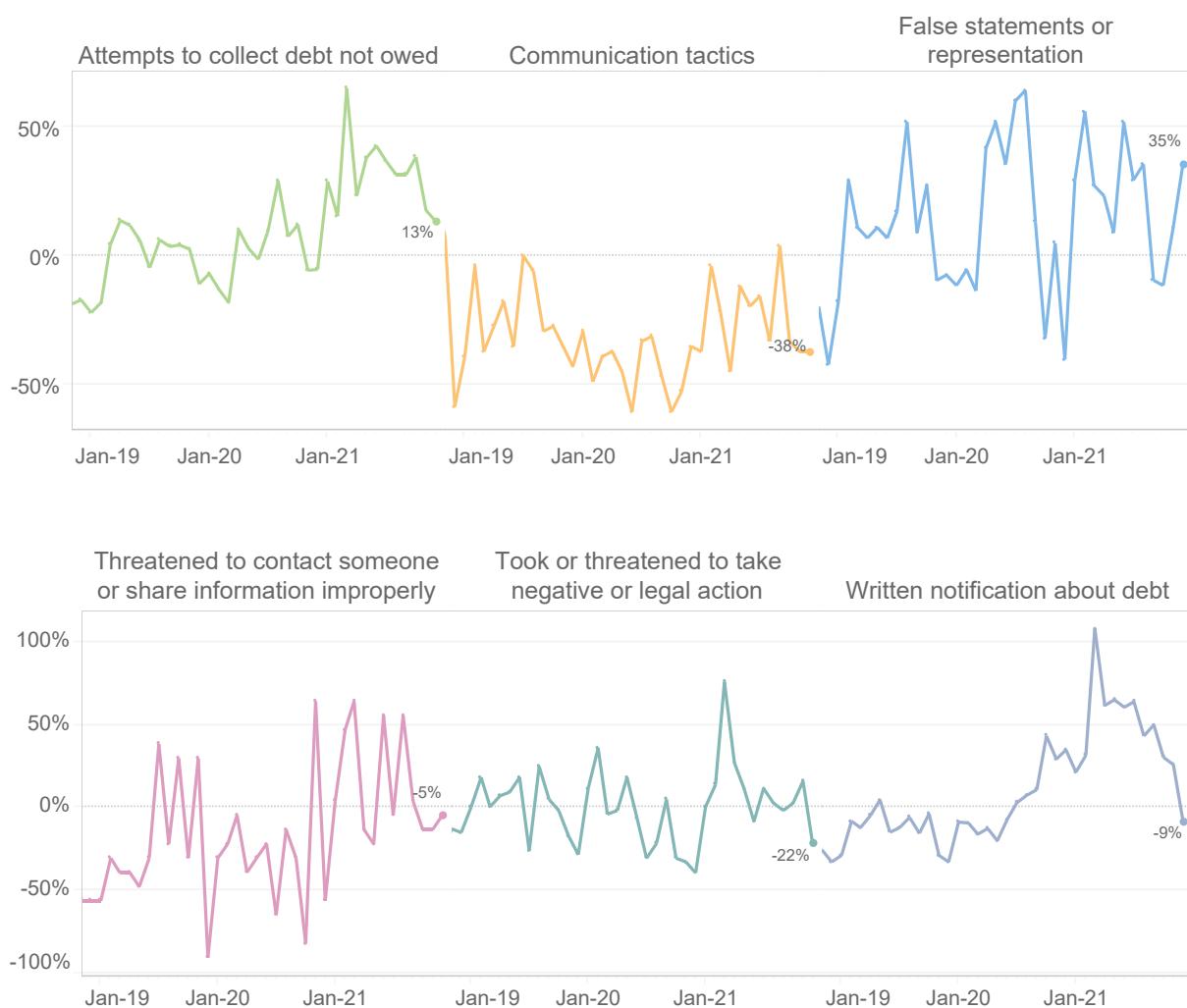
³⁰ *Id.*

³¹ This report primarily focuses on complaints received from January to December 2021. The new debt collection rules did not become effective until late 2021; therefore, this report does not assess the effectiveness of these new rules.

3.1.2 Disputed debt

The most common issue in debt collections—across all types of debt—is *Attempts to collect debt not owed*. In closed medical debt collection complaints, this issue makes up nearly half of complaints—and, importantly, closed complaint volume about this issue has increased (Figure 2). Notably, attempts to collect debt not owed closed complaint volume increased 31% in 2021 compared to 2018. In these complaints, consumers provided varying reasons for why they thought the medical debt a collector was attempting to collect was not owed.

FIGURE 2: COMPLAINT VOLUME PERCENTAGE CHANGE BY MEDICAL DEBT ISSUES, INDEXED TO 2018 MONTHLY AVERAGE VOLUME



Consumers reported that they already paid the debt. In some complaints, consumers stated that they were being contacted by a debt collector regarding bills that they had already paid in full to the provider. In other cases, consumers stated that they learned of an outstanding

medical bill when they were contacted about it by a third-party collection agency, promptly paid the debt, yet continued to be contacted about the debt. For example, an individual reported:

Hi, I was contacted in January 2020 by [a debt collector] regarding debt from medical service received in November 2017. However, I knew that this was already paid. The company began harassing me and even reported the debt and it was on my credit report. After months of back and forth, I finally received confirmation from the medical center that I do not owe any money. I wrote a letter to them in February 2020 indicating that I do not owe the debt, sent proof, and told them to stop contacting me. In March 2020, they wrote back indicating that they cannot verify the debt and that they will take it off my credit report and cease all future communications. This month, I received another invoice from [debt collector] for the same charge back in November 2017. They are threatening to report on my credit report again and said this is my second notice, but I did not receive a first. Below I have attached the two invoices..., the letter I sent in February 2020, their response letter in March 2020, and my itemized invoice from the medical center indicating that I owe no money.³²

Consumers reported that their insurance companies remitted payment. In some complaints, consumers asserted that they were being contacted by a debt collector concerning medical expenses that were covered by their insurer, or a government-funded health insurance program such as Medicare or Medicaid. For example, an individual reported:

I have a collection company that has put two medical collections on my report, but I paid the doctors co pay when I went, and my insurance paid the other parts. So, this is not owed. I have tried disputing with the credit bureaus to get removed but have not had any success. Please help me to get these removed as they are not owed, and I've never received a breakdown for what they're for.³³

³² Consumer Complaint 4100542, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4100542>. See also Consumer Complaint 4992739, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4992739> (consumer reported being contacted by a debt collector following payment); Consumer Complaint 4415965, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4415965> (consumer reported a medical collection regarding emergency room fees that had been paid).

³³ Consumer Complaint 4746293, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4746293>. See also Consumer Complaint 4095294, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4095294> (“This account is a medical claim for which it was paid by my health insurance.”); Consumer Complaint 4882116, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4882116> (“I understand I underwent surgery and my insurance paid this account in which this account should be settled.”).

Servicemembers reported that they were contacted by third-party debt collectors for medical debts covered by Tricare or other government-sponsored health insurance programs.³⁴ Medical debt collection is a continuing source of stress for servicemembers.³⁵ Active duty servicemembers and military veterans reported being contacted by debt collectors about debts incurred for medical care they received that was or should have been covered by a government-sponsored health insurance program such as Tricare. For example, a servicemember reported:

I'm in the army and my main hospital in my location is [Air Force base]. Being that I was in bad pain, I couldn't make it to the hospital in time, so I needed to go to [hospital] on April [XX]. I called the ambulance and was sent to the hospital. Tricare, the military medical insurance paid the hospital in sufficient time and not the ambulance because they did not send them the signed documentation for correction to be paid. However, it was eventually fixed, and they received their payment, roughly 3 days before the charges appeared on my credit which has been since April. I contacted the community ambulance and they said that should not have happened because my bill was paid, and they would contact the debt collector to remove the debt which has been over a month. I tried to dispute it myself and I have proof that it was paid, and it should not have been on my credit to begin with.³⁶

Consumers reported that the medical care was covered by worker's compensation. In some complaints, consumers stated that the debt they were being contacted about arose from an injury sustained while on the job and should have been covered by worker's compensation. Consumers often stated that they had tried to provide this information to debt collectors or had

³⁴ "Servicemembers" are self-identified. Servicemembers refers to servicemembers, veterans, and military families.

³⁵ The U.S. Department of Veterans Affairs has enacted measures to reduce financial distress for veterans by requiring all other methods of debt collection to be exhausted before a veteran's bill is reported to consumer reporting agencies. See Press Release, U.S. Dep't of Veterans Affairs, VA establishes new threshold for reporting benefit and medical debt (Feb. 2, 2022), <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=5758>.

³⁶ Consumer Complaint 4417210, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4417210>. See also Consumer Complaint 4605749, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4605749> ("I went to the emergency room in 2019 and my bill was paid in full with my insurance. I never received a single bill after I paid. I am in the military and have good insurance (Tricare). There is no reason I should have a \$2300 collection when the hospital was in network, had my insurance, and I already paid the bill."); Consumer Complaint 4582649, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4582649> ("Was told I did not owe anything because insurance (Tricare Reserve/Select) would cover. ... Received a credit score decrease notification through [a credit reporting service]. Learned my score had decreased 94 points due to being turned into collection agency [debt collector] for [about \$120] unpaid bill with [provider].").

been told by their employers that the debt was covered, only to find the debt on their credit report. For example, a patient reported:

Hello, I have a [about \$400] medical debt that has been on my credit report. I have attempted to dispute the debt multiple times and it still in my report. The debt listed is from a vehicle crash on duty. I was taken to the hospital and the incident was listed as a worker's compensation case. The company I worked was emailed and they have acknowledged via email the debt is there's and they will pay it off upon receiving a bill. I myself and my ex employer did not receive a bill.³⁷

Another patient reported:

I was a nurse... I got a needle stick injury ... [my employer] sent me to [an urgent care provider] for Lab exam to make sure I won't get any infectious diseases. I have [a worker's compensation status report]. I returned it to the [employer] and HR said the bill would be paid by [my employer] ...When I was trying to apply a pre-approval for home mortgage this year. The lender told me that I had a "collection service" record on my credit report. [My employer] said they paid the bill but the [provider] said they didn't receive any money. I really don't know how to fix this mistake...³⁸

Companies frequently closed the account and returned it to the client. The CFPB's analysis of medical debt collection complaints suggests that a significant number of third-party collectors closed the account, returned the account to their client, or both, after a consumer submitted a complaint to the CFPB. Third-party collectors also often updated consumers' credit reports following a dispute of the debt.³⁹ This typically would occur without any follow up questions from the third-party debt collector to the consumer. These observations renew concerns regarding the potentially substantial deficiencies in the quality and quantity of information collectors receive at placement or sale of the debt that may result in collectors

³⁷ Consumer Complaint 4275784, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4275784>. See also Consumer Complaint 4444982, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4444982> ("Had a worker's comp claim through the hospital I worked at. 1 - This debt is covered by that, as confirmed with the employer."); Consumer Complaint 4934367, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4934367> ("The injury was covered by Workman's Compensation and I never received a bill from [hospital]. Then [debt collector] sent me letters and called me in order to collect the hospital payment of [about \$1,300]. I have explained to them that it was paid through Workman's Compensation and even verified that with the Hospital's billing department. They would not accept any of this and have just ruined my credit score with a derogatory statement.").

³⁸ Consumer Complaint 5001059, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5001059>.

³⁹ See discussion *infra* Section 3.2.1

contacting the wrong consumers, for the wrong amount, or for debts that the collector is not entitled to collect.⁴⁰

3.2 Credit reporting of medical bills

In complaints about medical debt and consumer reporting issues, consumers often expressed surprise and frustration about finding out about old or small medical debts when checking their report—often while they were in the midst of applying for credit. Consumers often stated that they were never contacted about these bills before they were reported and had to discover them on their own. Some consumers viewed the furnishing of medical bills to credit reports as a tactic to compel payment. As one individual stated:

I was contacted by [debt collector] about a delinquent medical bill [supposedly] incurred from [medical provider]. When I asked 'what doctor' or 'medical service' that [medical provider] represented, the response on 3/[XX]/21 was only, [medical provider]. ... The recent contact by [debt collector that] I 'settle' a non-existing, 5-year-old bill, by asking me to pay them 1/2 the amount to 'settle'. They use the credit report[ing] agencies to shake people down forcing us to pay or else have ruined credit.⁴¹

3.2.1 Basis for furnishing

As discussed in Section 3.1.2, in response to consumer complaints, third-party debt collectors often discontinued collection efforts, returned the account to their client, updated the furnishing on consumers' consumer reports, or some combination of these actions. For example, in one complaint, a consumer reported:

I first learned about this "debt" when I checked my credit report on [credit monitoring service]. My rating had dropped 9 points because there was a collection from [debt collector] on it. I contacted [debt collector] and they told me I owed \$10 to a doctor from 2017. I told them I had never been notified by phone or in writing of any such debt. I called the doctor (and their billing company) and they told me their records did not show any such debt, nor did they turn over anything to a debt collection company. I called [debt collector] again and they told me that the

⁴⁰ See Consumer Fin. Prot. Bureau, *supra* note 24.

⁴¹ Consumer Complaint 4241510, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4241510>.

collection effort would stay on my credit report until I paid the debt, preferably online on their website.

I have never received ANY communication of any kind from the doctor, the billing company or [debt collector] about owing any money. I had to call them! They never contacted me and supposedly this debt is 4 years old!⁴²

In response to this complaint, the collector stated that it removed the disputed information from the consumer's report.

The CFPB has previously reminded furnishers of their legal obligation to comply with Fair Credit Reporting Act accuracy requirements when providing information to consumer reporting companies (CRCs).⁴³ The Bureau has stated, for example, that a debt collector who furnishes information indicating that a consumer owes a debt arising from out-of-network charges for emergency services may violate the FCRA and its implementing regulation if those charges exceed the amount permitted by the No Surprises Act.⁴⁴ CRCs also play an important role in furnisher oversight and data monitoring.⁴⁵ Consumers' complaints raise serious concerns about furnishing medical debt tradelines on consumer reports—and also the collectors who furnish those tradelines.⁴⁶ Given the potentially outsized impact of even small medical debts on consumers' credit and the disparate impact of medical debt on certain populations, accuracy of furnishing remains a top priority for the CFPB.

3.2.2 Reporting as a collection tactic

In their complaints, consumers often state that they only became aware of an allegedly unpaid medical bill when performing a routine review of their credit report, or while in the process of applying for credit, such as a mortgage. These consumers usually claim that they were never contacted about a bill before it was placed on their credit report. Often, these bills are old and small, and consumers sometimes simply pay them, despite not agreeing that they are valid, to

⁴² Consumer Complaint 4771681, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4771681>.

⁴³ See Consumer Fin. Prot. Bureau, Bulletin 2022-01: Medical Debt Collection and Consumer Reporting Requirements in Connection With the No Surprises Act, 87 Fed. Reg. 3025 (Jan. 20, 2022), <https://www.govinfo.gov/content/pkg/FR-2022-01-20/pdf/2022-01012.pdf>.

⁴⁴ *Id.*

⁴⁵ See Consumer Fin. Prot. Bureau, Supervisory Highlights Consumer Reporting Special Edition Issue 14, Winter 2017 (Mar. 2017), https://files.consumerfinance.gov/f/documents/201703_cfpb_Supervisory-Highlights-Consumer-Reporting-Special-Edition.pdf.

⁴⁶ But see discussion *infra* Section 4.

remove them from their credit report and improve their credit score. This suggests that some debt collectors may be placing debts on credit reports, whether or not they are valid, to motivate consumers to pay off the debt.

Consumers reported first learning of a medical bill after reviewing their credit report. Many consumers submitting complaints about medical debts state that they only realized they owed the debt when they checked their credit report or when they were in the midst of applying for credit. Consumers sometimes stated that those debts were for small amounts, or very old. In one complaint, an individual stated:

I received a letter in late May 2021 from [a debt collector] for a 40-dollar copay that I apparently did not pay...No clue how it ever got to this point. Never received a letter. Would have just paid it immediately had I known about it. Neither here nor there though...I immediately paid [the debt collector] with my Visa Credit Card to avoid this from showing up on my credit report as I am in the middle of closing on a house. I can't imagine a 400,000-dollar mortgage deal being ruined because of a 40-dollar copay...⁴⁷

Some consumers stated that it was not fair for debts to be reported when they did not receive notice. For example, according to one person:

I noticed a big drop in my credit score (from August 2021) in November 2021. I contacted [credit reporting company] and realized it was because a collection record was added by [debt collector]. I contacted them and found out I missed a medical bill during my move from Seattle to Chicago. Even though I had USPS forwarding services (a lot of other mails were forwarded successfully), I never received the bill, nor did I get informed about this missing payment. I never received any notification about this collection until I found out in my credit score myself. ...

⁴⁷ Consumer Complaint 4464297, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4464297>. See also 4095894, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4095894> (“Checked my credit report and seen this debt on there. They never reached out to me or notified me of the debt I tried to contact company it’s in collections and now this negative impact is stopping me from getting a mortgage because of this.”); Consumer Complaint 4091940, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4091940> (“I’m currently in the process of buying a house and unknown collection account showed up on my credit report and dropped my score drastically I’ve never heard from this company I’ve never gotten any emails phone calls or any letters from them stating that I owed the date, it was placed on my credit without any notification about it ...”).

I feel like what the hospital and [debt collector] has done is not fair. They didn't inform me about this, otherwise I would not have missed it. I never missed a payment and had great credit history before this.⁴⁸

Consumers reported paying bills to improve their credit scores. In some instances, consumers become so frustrated trying to resolve questions about alleged debts that, even though they feel they do not owe them, they pay the debt collector just to make the collection efforts stop, and to increase their credit scores. For example, a person reported:

I reached out to [the debt collector] requesting proof of ownership of the debt and offer to fully pay if they could prove I was the real owner of debt and would agree to remove if paid. They did not provide proof I was the owner. They said the account would be removed if paid in full. I paid to have it removed. They have not removed the debt. It is still affecting my credit score and preventing me from get a mortgage.⁴⁹

Another person reported:

I recently just paid a medical collection last month, however [a credit reporting company] is refusing to remove it when the law and their blog clearly states once paid, they are to remove it. Moreover, they were the only credit reporting agency that refused to remove it when I disputed and sent in documentation that showed Medicaid was responsible for the bill like the other two big credit agencies. Nevertheless, since they continued to let the collection company report monthly and hurt my credit score. I just paid it because I'm trying to purchase a home.⁵⁰

As noted above⁵¹, the CFPB issued a final rule amending Regulation F (Debt Collection Practices) in late 2020 requiring debt collectors to take certain steps to disclose the existence of a debt to consumers before reporting information about the debt to a consumer reporting agency.

⁴⁸ Consumer Complaint 5278226, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5278226>.

⁴⁹ Consumer Complaint 4028784, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/4028784>.

⁵⁰ Consumer Complaint 3953944, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/3953944>.

⁵¹ See discussion *supra* Section 3.1.1.

4. Recent developments

Two recent changes—one legislative and one undertaken by the three large consumer reporting companies—will affect medical billing and collections practices. First, the No Surprises Act was created to reduce the amount of high-cost, out-of-network medical debt for which consumers are responsible, and to create more transparency and predictability in medical billing. Second, the three largest consumer reporting companies reportedly will make changes to the way they report medical debts.

No Surprises Act

On January 1, 2022, the No Surprises Act went into effect.⁵² This federal law protects consumers from some unexpected medical bills. For consumers with a group health plan or group or individual health insurance coverage, the No Surprises Act bans:

- Surprise bills for emergency services from an out-of-network provider or facility and without prior authorization.
- Out-of-network cost-sharing, such as out-of-network coinsurance or copayments, for all emergency and some non-emergency services.
- Out-of-network charges and balance bills for supplemental care, such as radiology or anesthesiology, by out-of-network providers that work at an in-network facility.⁵³

The No Surprises Act also requires some health care facilities and providers to disclose Federal and State patient protections against balance billing and sets forth complaint processes with respect to violations of the protections against balance billing and out-of-network cost sharing.⁵⁴

⁵² Pub. L. 116-260, div. BB, tit. I, 134 Stat. 2758 (2020).

⁵³ See Consumer Fin. Prot. Bureau, *What is a “surprise medical bill” and what should I know about the No Surprises Act?* (Feb. 2, 2022), <https://www.consumerfinance.gov/ask-cfpb/what-is-a-surprise-medical-bill-and-what-should-i-know-about-the-no-surprises-act-en-2123/>.

⁵⁴ *Id.*

Credit reporting announcement

In March 2022, Equifax, Experian, and TransUnion announced joint measures that would, according to the announcement, result in nearly 70 percent of paid medical debt tradelines being removed from consumers' reports.⁵⁵ This announcement had three major components:

1. Paid medical bills would no longer be reported on credit reports, as of July 2022;
2. Unpaid medical bills would need to be at least one year old, twice the current standard of six months, before reporting; and
3. Starting in the first half of 2023, Equifax, Experian, and TransUnion will no longer include medical collection debt under \$500 on consumers' reports.

The CFPB is continuing to review this announcement to determine the impact on patients and their families, as well as its impact on the integrity of the credit reporting system. Notably, previous research by the CFPB has found that medical bills are less predictive than more ordinary credit extensions, such as a mortgages or credit cards, as to the likelihood that the individual will repay a new credit extension.⁵⁶ As this report illustrates, the consumer experience strongly suggests that many of the medical bills reported on credit reports are disputed, inaccurate, and not owed. The appearance of disputed, inaccurate, and not-owed bills on credit reports raises questions both as to legal compliance of market participants and may undermine the usefulness and integrity of the credit reporting system to creditors and other market participants.

⁵⁵ See Press Release, Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting (Mar. 18, 2022), <https://investor.equifax.com/news-events/press-releases/detail/1222/equifax-experian-and-transunion-support-u-s-consumers>. See also Press Release, Experian, Equifax, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting (Mar. 18, 2022), <https://www.experianplc.com/media/latest-news/2022/equifax-experian-and-transunion-support-us-consumers-with-changes-to-medical-collection-debt-reporting/>; Press Release, TransUnion, *Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting* (Mar. 18, 2022), <https://newsroom.transunion.com/equifax-experian-and-transunion-support-us-consumers-with-changes-to-medical-collection-debt-reporting/>.

⁵⁶ See Consumer Fin. Prot. Bureau, *Data point: Medical debt and credit scores* (May 2014), https://files.consumerfinance.gov/f/201405_cfpb_report_data-point_medical-debt-credit-scores.pdf. See also, e.g., CFPB Medical Debt Report, *supra* note 1 at 27. (“Researchers and consumer advocates have evaluated whether medical debt should be given the same weight as other debts in assessing creditworthiness. The CFPB’s own research has found that medical collections are less predictive of future consumer credit performance than nonmedical collections.”).

5. Consumer resources

Helping consumers, advocates, and intermediaries understand medical billing and collections and consumers' rights remains critical to the CFPB's work. There are a variety of resources on the CFPB's website, [consumerfinance.gov](#), to provide consumers with clear and timely information to help them understand and exercise their rights.

Medical billing resources

- Consumers can call the Centers for Medicare & Medicaid Services No Surprises Help Desk at 1-800-985-3059 from 8 a.m. to 8 p.m. EST, 7 days a week, to ask questions or to submit a complaint about an insurance company, medical provider, or health care facility not following the surprise billing rules. Complaints can also be [submitted online](#).
- Providers, air ambulance providers, and health care facilities can also submit complaints to the Centers for Medicare & Medicaid Services No Surprises Help Desk if they think a health plan is not complying with the dispute resolution process.
- If consumers need help with health insurance and have a problem or question, they can contact their state [Consumer Assistance Program](#). These programs help consumers who are experiencing problems with their health insurance or seeking to learn about health coverage options.
- The CFPB published a set of questions and answers about [surprise medical bills and the No Surprises Act](#), as well as information about [debt collection and credit reporting when medical bills are sent to collection](#).

Debt collection resources

- The Fair Debt Collection Practices Act makes it illegal for debt collectors to harass or threaten consumers when trying to collect on a debt. In addition, on November 30, 2021, the CFPB's new Debt Collection Rule became effective. This rule clarifies how debt collectors can communicate with consumers, including what information they're required to provide at the outset of collection about the debt, consumers' rights in debt collection, and how consumers can exercise those rights. [Here are five key things to know about the new debt collection rule](#).

- Consumers can learn more about [what they should do if a debt collector contacts them](#), including accessing sample letters for those experiencing common problems that may come up with debt collectors.
- Consumers can learn more about the [changes to the Department of Veterans Affairs' medical debt collection practices](#).
- Consumers can learn more about [how the CFPB is protecting people from the consequences of surprise medical bills](#).
- Consumers can learn more about [what to do if they're wrongfully billed for Medicare costs](#).

Credit reporting resources

- Consumers [should check their credit reports](#) at least once a year to make sure there are no errors that could keep them from getting credit or the best available terms on a loan.
- If consumers identify an error on their consumer report, they should [dispute that information](#) with the consumer reporting companies. Under the Fair Credit Reporting Act (FCRA), consumers have a legal right to dispute credit history errors for free. They [do not have to pay a credit repair company](#) to dispute errors.
- If a consumer reporting company doesn't respond—or doesn't respond adequately—to a dispute, [consumers have rights](#). Some of these rights only apply under certain circumstances. There are also time limits on exercising those rights.

Submitting complaints

- Consumers having issues with a consumer financial product or service can submit a complaint to the CFPB. Consumers that cannot submit online can call the CFPB at (855) 411-CFPB (2372), toll free, 8 a.m. to 8 p.m. ET, Monday – Friday.