



SUPPORT THE CFPB'S MEDICAL DEBT RULE

THE CFPB'S MEDICAL DEBT RULE WILL LESSEN MEDICAL DEBT'S IMPACT AND RELIEVE PRESSURE TO PAY WRONGFUL BILLS

The CFPB's rule to remove medical bills from most credit reports will prohibit credit reporting companies from sharing medical debt information with lenders as well as barring lenders from considering these medical debts in underwriting decisions.

Medical debt is often involuntary and unpredictable, affecting 15 million Americans.

Studies have shown it is not an accurate predictor of whether someone will repay their loan payments.

Hardworking Americans covered by health insurance can find themselves left with thousands of dollars' worth of medical bills that, if left unpaid, can lower their credit score and harm their ability to access credit.

People who had all of their medical debts completely removed from their credit reports experienced an average credit score increase of 20 points.

- 11 million people in the US owe more than \$2,000 in medical debt
- 3 million people in the US owe more than \$10,000 in medical debt
- 58% percent of bills in collections appearing on credit reports are medical bills

The rule improves access to affordable credit and reduce the impact of structural racism and other prejudices which exacerbates medical debt loads for historically overlooked communities.

High deductibles and other cost sharing can mean individuals have high debt even if they are insured.

Medical debt significantly affects those most vulnerable including those with a disability, new mothers, and individuals with cancer.

The rule would alleviate pressure to pay wrongful medical debts. Over 70 percent of hardworking Americans say they have been asked to pay a bill that should have been covered by insurance and over 40 percent say they have received an inaccurate bill.

STATUS OF THE RULE

On January 7th, 2025, Cornerstone Credit Union League and the Consumer Data Industry Association filed a lawsuit against the CFPB arguing that the process violated the Administrative Procedures Act. It was filed in the US District Court for the Eastern District of Texas. On February 6, 2025, a U.S. District Court in Texas granted a 90-day stay of the Consumer Financial Protection Bureau's (CFPB) medical debt rule. The stay delays the rule's effective date until June 15, 2025

On January 8th, 2025, ACA International and Specialized Collection Systems sued the CFPB in the US District Court for the Southern District of Texas, Houston Division. The initial conference of the case is scheduled for April.