

# Consumer Impact

## Consumer Champions Convene at CRLC in Nation's Capital 2017 Consumer Rights Litigation Conference Highlights!

For the 26th consecutive year, the nation's leading consumer attorneys gathered at NCLC's Consumer Rights Litigation Conference (CRLC) to network, learn from each other, and hear from leading experts on key legal and political issues.

Held this year in Washington, D.C., we welcomed over 900 participants, and featured over 60 breakout sessions as well as six plenary addresses. Speakers included Senator

Elizabeth Warren, Senator Sherrod Brown, Senator Tim Kaine, CFPB Acting Deputy Director David Silberman, Deepak Gupta of Gupta Wessler PLLC, Public Justice Executive Director Paul Bland, National Association of Consumer Advocates (NACA) Executive Director Ira Rheingold, and NCLC's Rich Dubois and Lauren Sanders.

A Consumer Justice Lobby Day was organized and held the day before the conference. Following a briefing by NCLC, NACA, and congressional staff, over 100 consumer advocates headed to Capitol Hill to meet with their U.S. representatives and senators.

Highlights of the conference included the annual Awards Luncheon where Executive Director Rich Dubois presented the 2017 Vern Countryman Award to attorneys David Humphreys and Luke Wallace. The Countryman Award is chosen by NCLC's Board of Directors. And these "Consumer Protection Lawyers Fighting for the Forgotten" were recognized for taking on cases that often draw national attention and hold great importance to the

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Senator Elizabeth Warren rallies consumer advocates to defend the CFPB at NCLC's Annual Conference.



MATT LECLAIR

## NCLC Report Reveals Discriminatory Practices in Auto Sales

Excessive Mark-Ups for Auto Add-On Products Result in Higher Prices

Consumer advocates have long known of abuses by dealers in the sale of auto add-on products, such as window etching or extended service contracts, and now, for the first time, a new NCLC report documents the extraordinary marks-ups (as high as 1,000%) and inconsistent pricing of these products. The data also shows that Hispanic customers are charged

more than non-Hispanics for the same product.

Using a national data set of three million add-on products sold between September 2009 and June 2015, NCLC's *Auto Add-Ons Add Up: How Dealer Discretion Drives Excessive, Arbitrary, and Discriminatory Pricing* report reveals what thousands of dealers across the country pay for these products, and what they charge consumers.

The lack of transparency and inconsistent pricing set in place a chain of negative consequences for consumers. The expensive add-ons become even more expensive over time as the one- or two-year warranty

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# Consumer Impact

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## A Note From the Executive Director

Dear Friends:

I'm just back from NCLC's 26th annual Consumer Rights Litigation Conference in Washington, D.C. – more inspired and energized than ever by the community of consumer attorneys and advocates fighting for those whose rights are under attack.

2017 has been a year like no other in our nation's recent political history. We have seen an administration attempt to reverse many of the previous administration's accomplishments, and succeed in many cases.

In the area of consumer rights, we haven't won *every* battle – the Congressional repeal of the CFPB's rule on forced arbitration was a tough loss, especially because it was so close – but I'm proud to say that we've fought tenaciously, held our ground in a number of important cases, and helped bring about important consumer rights advancements in others.

We faced many challenges this year: we were concerned the CFPB Director would be fired by the new president, setting a terrible precedent and politicizing the CFPB's role. We feared that Congress would overturn the CFPB's new prepaid card rule, rolling back protections for millions of consumers. We were concerned that the CFPB wouldn't advance new rules to reign in forced arbitration and payday lending, for fear that those rules, too, would be negated by Congress.

But we didn't *just* worry – we took action. And as we near the end of the year, we can see the results of our collective efforts to protect consumers through effective organizing: Cordray *wasn't* fired. Congress did *not* overturn the prepaid card rule. The CFPB *did* move forward on new rules to reign in forced arbitration and payday lending, and Congress only acted to strike down one of them – and even that loss, we believe, is a case of “we lost the battle, but will win the war.”

With your help, NCLC has invested in strategic communications resources to fight more effectively for consumers at both the national and state levels. And with all of our community engaged, we have succeeded in protecting and advancing fairness in the marketplace for all.

Next year is likely to be even more challenging, and we're going to have to fight even harder. But based on our experience in 2017, I'm confident that we can win in any environment – because we have a strong consumer community, and because our cause is just.

Thank you for fighting with us to protect and advance consumer rights!



Sincerely,

Rich Dubois  
Executive Director

NCLC Executive Director Rich Dubois meets with Senator Ed Markey on Consumer Justice Lobby Day.

## NCLC Urges Stronger Consumer Protections in Wake of Equifax Data Breach

The facts are mind-boggling: due to Equifax's lax security and incompetence, 145.5 million Americans had their Social Security numbers, dates of birth, and other personal information stolen. Half of the U.S. population and nearly three-quarters of consumers with active credit reports are now at risk of identity theft, due to a significant breach of consumer data.

NCLC immediately sprang into action, issuing a press statement and providing advice to practitioners. NCLC attorney Chi Chi Wu talked with dozens of media outlets, including the *Washington Post*, *New York Times*, National Public Radio, NBC Evening News, and CNBC's Matter of Fact with Soledad O'Brien, to get the word out that consumers should get credit freezes to protect themselves and lawmakers should take action to protect consumers.

NCLC also worked with numerous lawmakers' offices on legislation that would help consumers, including bills to provide free credit freezes. NCLC has long advocated for stronger reforms to ensure accuracy and fairness in the U.S. credit reporting system. In fact, Wu was testifying against six anti-consumer bills before a U.S. House Financial Services subcommittee the

very day that Equifax disclosed the breach. Ironically, one of the bills under consideration (H.R.2359, the FCRA Liability Harmonization Act) would eliminate punitive damages and limit class action damages under the Fair Credit Reporting Act. This would dramatically reduce the consequences when Equifax and other credit reporting agencies violate the FCRA. The sponsor of H.R. 2359 has said he will table the bill for now (i.e., until the media spotlight is off Equifax).

And while Equifax took its time in alerting the public of the breach, it was quick to include a forced arbitration clause (buried in the fine print) and class action ban on its website providing free credit monitoring to consumers whose data were stolen. Under intense pressure from NCLC and others, Equifax eventually relented and promised not to enforce the arbitration clause against claims arising from the breach. But other credit reporting agencies also use similar clauses, and Equifax continues to do so for other products they offer.

Read NCLC's full statement on the Equifax data breach at [nclc.org/media-center/statement-nclc-staff-attorney-equifax-data-breach-09112017.html](http://nclc.org/media-center/statement-nclc-staff-attorney-equifax-data-breach-09112017.html); its advice to practitioners at

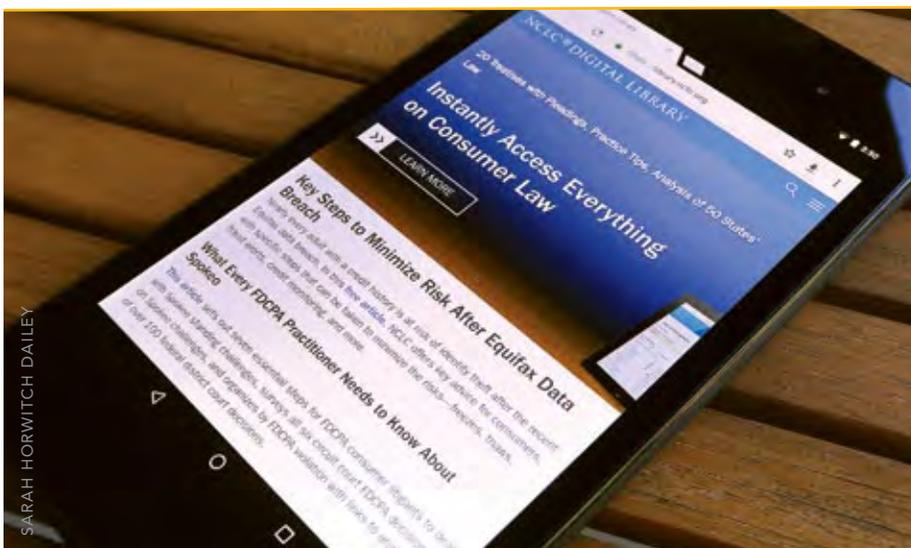


NCLC Attorney Chi Chi Wu (left) converses with U.S. Representative Maxine Waters (right) following her testimony.



Representative Waters and witnesses for the "Examining the Equifax Data Breach" hearing.

[library.nclc.org/key-steps-minimize-risk-after-equifax-data-breach](http://library.nclc.org/key-steps-minimize-risk-after-equifax-data-breach); and its ongoing advocacy to ensure fairness in credit reporting at [nclc.org/issues/credit-reports.html](http://nclc.org/issues/credit-reports.html)



## NCLC Digital Library – Free First Chapters

All NCLC consumer law treatises are available in both print and digital formats. Visit [nclc.org/library](http://nclc.org/library) to read the first chapter of each treatise for free!

SARAH HORWITZ DAILEY

## Forced Arbitration: The Fight is Far from Over

Although Congress blocked the Consumer Financial Protection Bureau's (CFPB) arbitration rule in October, the struggle over forced arbitration is just beginning. "People are outraged," says NCLC Associate Director Lauren Saunders. "We did lose this battle – but in the long run, we will win the war."

The CFPB rule would have banned arbitration clauses with class action bans in certain financial products, allowing consumers to choose between arbitration or joining a class action lawsuit against banks, payday lenders, or other financial institutions that wronged them.

With Vice President Pence forced to vote to break a tie in the Senate, the outcome was much closer than most analysts expected, given the power of Wall Street and the big banks and credit reporting agencies our side was up against. Credit for the closer than expected vote is due to many – consumer rights



Senator Sherrod Brown testifies in favor of banning forced arbitration clauses

organizations, including NCLC, working in concert with our allies (civil rights, military, veterans', student and community organizations) across the nation.

NCLC and our coalition partners made tremendous progress in raising public awareness, and have built a stronger foundation for continued efforts to end the practice of forced arbitration. Among the

remedies NCLC will continue to support and fight for is the Arbitration Fairness Act, introduced by Senator Al Franken and Rep. Hank Johnson, which would restore consumers' right to a day in court.

### Take Action!

We need to keep building momentum and solidarity as we move forward in this fight. We need your voice:

- Contact your elected officials and express your outrage!
- Contact us! Do you have a client or have you personally been affected by forced arbitration? NCLC would like to hear your story. Contact Lauren Saunders at [lsaunders@nclc.org](mailto:lsaunders@nclc.org).

## Auto Sales... *continued from page 1*

is paid (at a high interest rate) over the six, seven, or more years that the car is financed. The overpriced add-ons also increase the loan to value (LTV) ratio for cars, as they increase the amount that consumers finance without providing any real increase to the value of the car.

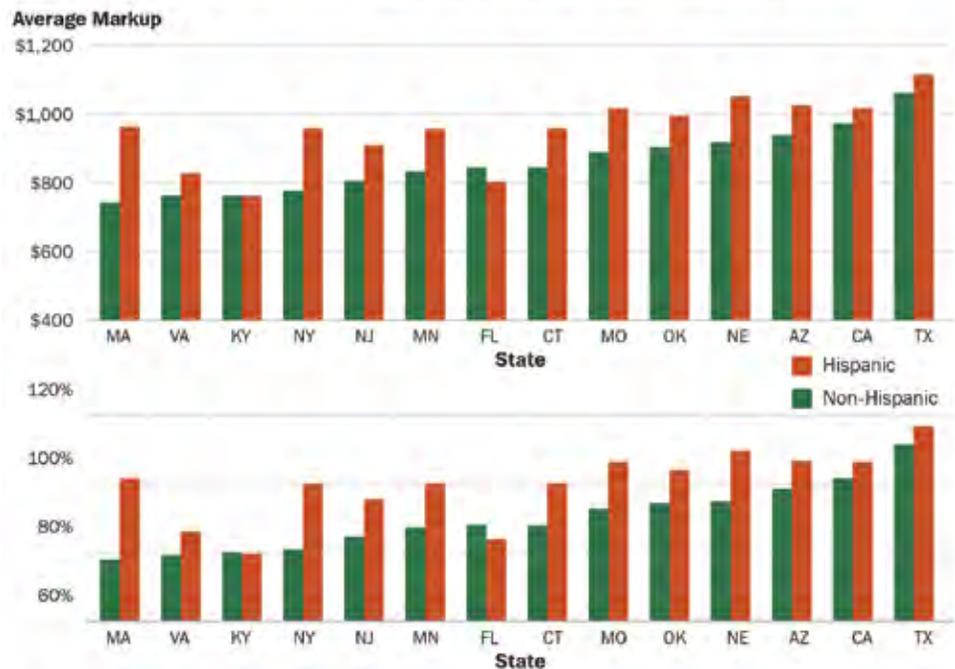
These higher LTVs result in more negative equity, which hurts consumers and other players in the auto sales and finance market. A consumer who owes more than his or her existing car is worth will have a harder time trading it in and buying a new car, and high LTVs have also been associated with higher default rates, again harming consumers and the auto industry as a whole.

### Key Recommendations

NCLC's report also lays out a roadmap to address the abuses, including:

- Dealers should be required to post the available add-ons and their prices on each car in the lot, along with the price of the car.
- To root out pricing discrimination, federal Equal Credit Opportunity Act regulations should be amended to require documentation of the customer by race or national origin for non-mortgage credit transactions,

Service Contracts: Average Hispanic and Non-Hispanic Markup by State in Dollars and Percentages Where Dealer Cost is \$910 to \$1,010



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Source: National data set of one provider's add-on products sold in the U.S., 2011.

as is currently required for home mortgage transactions.

- State attorney generals and federal enforcement authorities (CFPB, FTC, and Federal Reserve Board) should investigate discrimination in

pricing of add-on products and bring enforcement actions against a dealer if discrimination is shown.

Download the full report, including 19 charts and tips for consumers, at: [nclc.org/issues/auto-add-ons-add-up.html](http://nclc.org/issues/auto-add-ons-add-up.html).

ADVOCATE SPOTLIGHT **Brian Highsmith**

*NCLC is honored to host our first Skadden Fellow*

In early November, NCLC welcomed our first Skadden Fellow, Brian Highsmith, who will work in the areas of criminal and consumer justice for the next two years. His fellowship will focus on protecting against abusive and unlawful collections of criminal justice debts and combatting the criminalization of poverty.

A graduate of Furman University and Yale Law School, he spent four years in Washington, D.C. working on tax and budget policy and anti-poverty programs, including as a Policy Advisor to President Obama's National Economic Council. During law school, he became interested in the intersections of consumer protection, civil rights, and fiscal policy.

The Skadden Fellowship Foundation began in 1998 and has since awarded 791 total Fellowships in 43 states. The Skadden Fellowship Program was created in recognition of the dire need for greater funding for graduating law students who wish to devote their professional lives to providing legal services to the poor (including the working poor), the elderly, the homeless and the disabled, as well as those deprived of their civil or human rights.

*"We are excited that Brian has joined NCLC to work at the intersection of criminal and consumer justice. He will be a great addition to our project and will expand our capacity to tackle these issues, which are of enormous importance to low-income individuals, families, and communities."*

– Abby Shafroth, Staff Attorney



 Impact Update

## PACE Loans: NCLC Report Raises Awareness of "The Perils of Easy Money"

The Property Assessed Clean Energy (PACE) loan is a relatively new financial product which is expanding rapidly in California and several other states. These loans, which generally support homeowner investments in renewable energy (e.g., solar panels) and energy efficiency, evade regulations and consumer protections for mortgages by going through the property tax assessment system. The homeowner's repayment obligation appears as an increased assessment on their property tax bill, often amounting to thousands of dollars annually.

PACE loan programs were initially supported as a way to encourage energy efficiency and renewable energy, but some of the loans do not deliver significant energy savings – so the repayment obligation far exceeds any promised reduction in energy bills. Contractors are pushing these loans on people who cannot afford them through aggressive door-to-door sales with many false or deceptive representations, including claiming that "this is a government program" so the homeowner has nothing to worry about. The severity and spread of sales scams, often targeted at older consumers, immigrants with limited English and communities of color, is significant.

Our advocacy efforts are yielding results, as efforts to adopt PACE in Minnesota and some other states appear to have stalled for now. In a related development, there has been a major shakeup in the leadership at the largest PACE provider, Renovate America, and the FBI is looking into the scams that have resulted from the structure of PACE loans. The *Wall Street Journal* has written extensively about the risks of PACE loans.

NCLC is always vigilant in monitoring new financial products that are likely to mislead and harm low-income consumers. We will continue our advocacy to ensure that PACE programs incorporate essential consumer protections that apply to many other loan products.

To help raise public awareness about the risks of PACE loans, NCLC recently released a report *Residential Property Assessed Clean Energy (PACE) Loans: The Perils of Easy Money for Clean Energy Improvements*: [nclc.org/images/pdf/energy\\_utility\\_telecom/pace/ib-pace-stories.pdf](https://nclc.org/images/pdf/energy_utility_telecom/pace/ib-pace-stories.pdf)

Additional resources are available at: [nclc.org/issues/pace-loans.html](https://nclc.org/issues/pace-loans.html).

## NCLC in the News

Highlights Fall 2017

Educating the public and decision-makers about issues affecting low-income consumers is a critical part of NCLC's work. Our expert advocates are leading sources of background information on consumer issues for reporters and producers, and are often quoted in major print, online, radio and broadcast outlets on issues of importance to and in the marketplace. Here are just a few examples:

► *New York Times*  
"No, Your Phone Didn't Ring. So Why Voice Mail From a Telemarketer?"  
June 3, 2017

*[...If unregulated, ringless voice mail messages] will likely overwhelm consumers' voice mail systems and consumers will have no way to limit, control or stop these messages."*

– Margot Saunders, senior counsel

► *Los Angeles Times*  
"Legislature passes bills to reform PACE energy-efficiency loan program"  
September 16, 2017

*"This whole process is backwards. The setup allows the contractor to pressure the homeowner at the door because they don't have to do the affordability analysis until after ... It preserves a troublesome business model."*

– Alys Cohen, staff attorney, on loopholes in the new PACE reform bill

► *CNBC.com* "Medical emergency: ER costs skyrocket, leaving patients in shock" August 10, 2017

*"This is a huge problem. Consumers are being overcharged, sometimes exorbitantly."*

– Jenifer Bosco, staff attorney

► *Washington Post*  
"More seniors are taking loans against their homes – and it's costing them" August 25, 2017

*"Folks who had expected to age in place and live for the rest of their lives in their home are now having to scramble to find a new place to live. People just don't know where to turn. It's heartbreaking."*

– Odette Williamson, staff attorney

► *The Guardian* "Loan sharks were meant to be eradicated. Now they're back" August 23, 2017

*"These contracts are the next wave of abuses motivated by corporate profits...they are exploiting the same communities of color that were devastated by the subprime crisis. This is just the latest predatory product."*

– Sarah Bolling Mancini, of counsel, on predatory land installment contracts

► *CNBC.com* "How not to get duped into buying a flood-damaged car" September 27, 2017

*"Cars are rolling computers these days. When water gets as high as it did with Harvey, we're going to see significant damage."*

– John Van Alst, staff attorney



NCLC Staff Attorney Chi Chi Wu speaks with Soledad O'Brien of CNBC's Matter of Fact, one of over 50 reporters she spoke with following the Equifax data breach



## NCLC Announces Andy Spanogle Gift to Support D.C. Advocacy

For almost 50 years, John Andrew (Andy) Spanogle has contributed to the advancement of consumer law in an unusually wide range of ways: as an advocate for pro-consumer state statutes on banking, commercial, and consumer law; as one of 14 original recruits of Ralph Nader's Public

Interest Research Group; as a law professor at universities including the University of Maine and George Washington University Law School; as lead author of several widely-used law textbooks, including *Consumer Law*, the first casebook of its kind, which helped law schools develop a new consumer law course ... and now, as a lead supporter of the National Consumer Law Center's advocacy for consumer rights.

Spanogle's consumer rights accomplishments include playing a key role in establishing credit card liability limits, and being involved in the efforts leading to the creation of the Fair Credit Billing Act and improvement of the Truth in Lending Act. He also contributed to including pro-consumer protections in common mortgage contracts and standardized credit underwriting guidelines. All consumers today benefit from the

work done by Andy and other leading advocates in the early days of the modern consumer rights movement.

NCLC is honored to announce a generous multi-year leadership gift from Mr. Spanogle, which will help sustain our Washington, D.C. office and NCLC's advocacy in the nation's capital, and be used to inspire others to increase their support of NCLC's work. The creation of the new Spanogle Institute for Consumer Advocacy will ensure that NCLC has a dedicated and increased source of support to allow us to continue advancing fairness in the marketplace.

Through his advocacy, writing, and teaching, Andy has impacted countless consumer law advocates and inspired action for consumer rights and a fair and level playing field for all. NCLC is extraordinarily grateful for his generous support of our work.

*"All consumers today benefit from the work done by Andy and other leading advocates in the early days of the modern consumer rights movement."*

– Rich Dubois, NCLC Executive Director

## Consumer Rights Litigation Conference...

*continued from page 1*

American consumer. Participating in dozens of consumer protection jury trials and settlements resulting in million-dollar recoveries for their consumer law clients, a colleague wrote of David and Luke "Their compassion, trial skills and generosity are unparalleled ... both work diligently to understand and explain their client's stories to illuminate the truth and secure justice."

The conference was also the occasion for the third-annual presentation of NCLC's Rising Star Award, which honors younger attorneys who have made significant contributions to consumer law within the past two years.. This year Partners Council Member Michelle Drake introduced the 2017 Rising Star Award honorees: Eileen Connor of the Legal Services Center of Harvard Law School; and Susan Shin of New Economy Project. Ms. Connor is the director of litigation for the Project on Predatory Student Lending at Harvard Law School, the first legal services practice in the country focused solely on representing former students of for-profit colleges. Susan Shin is legal director of New Economy Project and recently helped low-income New Yorkers challenge abusive debt collection practices in a groundbreaking RICO class action lawsuit that settled for \$59 million.



2017 Vern Countryman Award winners David Humphreys and Luke Wallace pictured with Rich Dubois

NCLC also announced that its 2018 Consumer Rights Litigation Conference will be held October 25-28 in Denver, Colorado. Other 2018 NCLC conferences include the Fair Debt Collection Practices Act Conference on March 19 and 20 in Chicago, Illinois; and the Mortgage Conference on June 14 and 15 in Indianapolis, Indiana. We hope to see you at one or more of these events!



## Cy Pres Awards to NCLC Support Access to Justice for Consumers

For class action attorneys, one of the most effective ways to help NCLC promote and advance consumer rights is the designation of unclaimed settlement funds to NCLC through a cy pres award. By doing so, class counsel supports NCLC's efforts to ensure a fair marketplace and access to justice for all consumers – especially those who are more vulnerable.

NCLC has been fortunate to have received many cy pres awards over the years; we are generally seen by courts as a fair and viable recipient for residual monies from class actions. And the list of class counsel who have nominated NCLC continues to grow.

If you are able to nominate NCLC and are unsure about the process, we can help you with putting together a submissions package to make the

case, as well as put you in touch with a member of the Partners Council who can help provide guidance or advice on how to successfully nominate NCLC.

If you would like to nominate NCLC for a cy pres award, please contact Paul Laurent at [pl Laurent@nclc.org](mailto:pl Laurent@nclc.org) or call (617) 542-8010. Thank you for your generous support!

## Recent Cy Pres Nominators

Thank you to these individuals for advancing consumer rights by nominating NCLC for cy pres awards this year!

Ben Bingham	Clifton Dorsen	Keith Keogh	Kris Kelly Skaar
Sarah Blaloc	James M. Feagle	Ahmad Keshavarz	Steve Skalet
Brian L. Bromberg	Cary Flitter	Kevin Love	Neil Smith
O. Randolph Bragg	Ryan Gentile	Robert W. Murphy	Vildan Teske
Alex Burke	Eric H. Gibbs	Robert J. Nahoum	Andrew Thomasson
Pamela A. Car	Justin Tharpe Holcombe	Scott Owens	Raymond E. Walker
Kelly M. Dermody	Bryan Kemnitzer	William L. Reinbrecht	

Many of the cy pres awarded to NCLC come from multiple plaintiffs' counsel. We have endeavored to name all.



Class Action Symposium Opening Night Reception in Washington, D.C.



Marisa Katz, Vildan Teske, Janet Varnell, E. Michelle Drake, and Jane Santoni at the Class Action Symposium Opening Night Reception

## Disaster Relief & Recovery: NCLC Advocates for Immediate Assistance and Improved Policies

NCLC Response to Hurricanes Harvey, Irma, and Maria and to the California Wildfires

**N**CLC is working with local and national advocates to assess consumer law needs after the recent disasters and to provide technical assistance and advocacy leadership. NCLC has played a role in post-disaster relief and recovery efforts before. What we know from our work with advocates following Hurricanes Katrina and Sandy is that many victims will need assistance in navigating the terms of their mortgage loans as well as student loans, car loans, and/or credit card debt – and that it is never too early to make a plan for how to manage your debt after a disaster.

Here are five takeaways from our previous work:

- 1. Follow the lead on the ground.** Local advocates have the best picture of what is needed. For example, after Katrina, the nature of the damage and the resources on the ground were very different in Mississippi and Louisiana. NCLC worked with advocates in both states, but took our lead from local attorneys. The situations after the recent disasters also vary widely and NCLC is working closely with advocates on the ground to identify needs and pressing issues.
- 2. Every community has unique issues,** and the pace of their recovery and the form it takes will be shaped by the particulars of its community members, including their homeownership status, financial resources, and the extent of the damage.
- 3. There is a role for federal advocacy,** even though these are local events. After Katrina, NCLC convened a broad working group that included labor, civil rights, consumer, and community groups to urge federal regulators to implement stronger protections for homeowners following a natural disaster, including: temporary foreclosure moratoria, extensions of forbearance, and repayment after forbearance. Similarly, NCLC is working with allies at the local and federal levels now to seek stronger consumer protections.
- 4. Recovery is a long process.** Five years after Superstorm Sandy, legal services attorneys are still receiving calls for assistance.
- 5. The recovery process is often uneven.** Historically, communities of color have often not gotten a fair shake in recovery resources and have been disproportionately targeted by scammers and con artists. Low-income homeowners often face greater challenges because they are less likely to have liquid assets to cover the crush of expenses in the early days of the disaster or the work needed that may not be covered by insurance.

To assist attorneys in affected regions, NCLC has created a new guide for navigating a mortgage loan post disaster at [bit.ly/2yBZJ0w](http://bit.ly/2yBZJ0w), which is part of NCLC's new disaster relief landing page [nclc.org/issues/disaster-relief-consumer-protections.html](http://nclc.org/issues/disaster-relief-consumer-protections.html)

Another great resource: the National Disaster Legal Aid Resource Center at [disasterlegalaid.org](http://disasterlegalaid.org)



### Meet NCLC's Summer 2017 Interns!

NCLC welcomed our largest-ever group of summer interns this year, with seven law students participating from across the country. We're grateful to all of them for their important contributions over the summer, and look forward to following their legal careers, many in the field of consumer law.

Pictured from left to right:

#### **Stevaughn Bush**

3L at Howard University School of Law

#### **Roseanna Sommers**

3L at Yale Law School

#### **Emily McGovern**

3L at Washington University School of Law and Greenfield Intern under a generous grant provided by our colleague Professor Michael Greenfield at the Washington University School of Law

#### **Lindsey Anderson**

3L at University of Michigan Law School and 2017 recipient of the Robert J. Hobbs Fellowship, established by NCLC's Board of Directors in honor of Bob Hobbs' many years of invaluable service to our organization

#### **Jared Moore**

2L at Suffolk University Law School



#### **Ian Gillen**

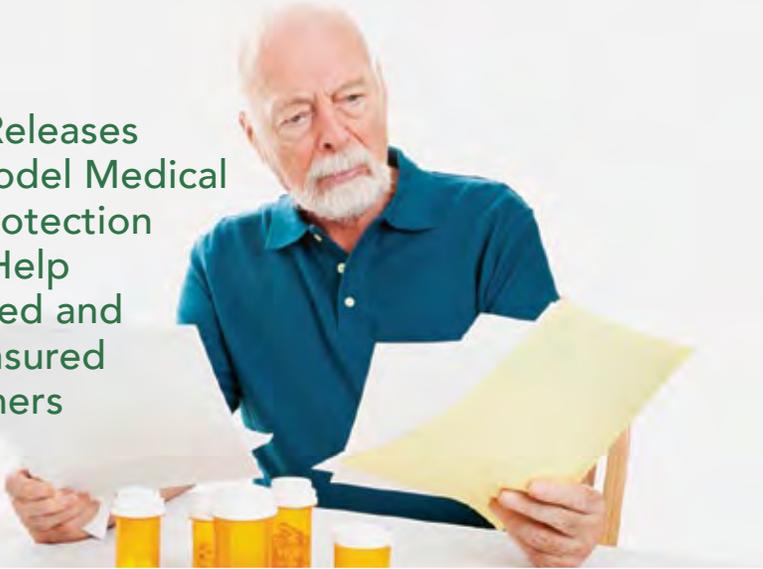
2L at Boston University School of Law

#### **Catherine Ordonez**

(pictured left)

3L at Harvard Law School

## NCLC Releases New Model Medical Debt Protection Act to Help Uninsured and Underinsured Consumers



In August, NCLC released the Model Medical Debt Protection Act, a model law that states can adopt to shield vulnerable patients from crushing medical debt and unfair debt collection practices. The Model Act would make it possible for low- and moderate-income patients to pay a reasonable amount towards their health care bills, while protecting all patients from harassment by debt collectors.

Medical debt affects tens of millions of consumers and is one of the most prevalent types of consumer debt. Over half of collection items on credit reports are for medical debts, and 20% of Americans have been contacted by a

debt collector over an unpaid health care bill, or have at least one medical debt collection item in their credit reports (medical bills often end up in collections because of insurance or billing disputes, or other issues that arise from having a third party payer involved.) Racial disparities have been documented as well: in one study of older adults, African Americans had a 2.6 times higher chance of having medical debt than did whites, and were more likely to be contacted by a collection agency.

The Affordable Care Act (ACA) created some protections for low-income patients, and states can now choose to adopt the Model Act to codify even

stronger protections in state law and expand these protections to a broader range of vulnerable patients. The Model Medical Debt Protection Act requires financial assistance policies that would cover more patients, sets forth specific financial guidelines for charity care and discounted care, and adds a number of procedural safeguards to protect consumers from aggressive or unfair debt collection practices.

While many more Americans now have health insurance, too many families still struggle with medical debt. Many families in states that have not expanded their Medicaid programs are still unable to obtain subsidized or affordable insurance coverage. Even for those who have health insurance, medical debt can arise from high deductibles, a lapse in insurance, or a dispute with a health insurance company.

Access the Model Medical Debt Protection Act: [nclc.org/issues/debt-collection.html#model](http://nclc.org/issues/debt-collection.html#model)

### MEDICAL DEBT: BY THE NUMBERS

Percentage of U.S. adults who struggle to pay their medical bills, including those with health insurance:

**More than 25%**

Medical debt is the **#1** source of personal bankruptcies in the U.S.

Sources: Kaiser Family Foundation, USA Today, the New York Times

Percentage of Americans under age 65 with health insurance who had trouble paying their medical bills in 2015: **20%**

In a 2016 poll by the *New York Times* and the Kaiser Family Foundation, people who reported problems paying medical bills told pollsters they'd done the following in the last year: **63%** used up all or most of their savings to pay down healthcare expenses, **42%** took an extra job or more work hours, **14%** moved or took in a roommate, and **11%** turned to charities for assistance

## NCLC's John Rao Receives Prestigious Award

NCLC Staff Attorney John Rao was recently named the 2017 recipient of the National Conference of Bankruptcy Judges' Excellence in Education Award. The award recognizes "a member of the bankruptcy bench, bar, or academia who has made significant contributions to education in our field." In presenting this award, NCBJ said that John's "work as a member

of the federal Judicial Conference Advisory Committee on Bankruptcy Rules, your contributions to Collier on Bankruptcy, your efforts to train courts and their bars to provide pro bono legal services, and your consistent presence as a featured speaker at leading bankruptcy and insolvency conference made your selection effortless." Congratulations, John!



## Meet our new Partners Council Members!

NCLC is honored to announce three new members of our Partners Council, a group of consumer law leaders who work with NCLC to ensure that we have the resources needed to advance economic fairness, equity, and consumer protections for low-income individuals and families. Our newest partners are:



### Kristi Kelly

A consumer law attorney who focuses her practice on advocating for individuals in state and federal courts in Virginia, District of Columbia, and Maryland. Ms. Kelly focuses the majority of her practice on assisting consumers with credit reporting and employment background check mistakes, mortgage servicing errors, and preventing abusive debt collection. Ms. Kelly is a regular speaker on credit reporting and mortgage servicing issues for the National

Consumer Law Center, Virginia CLE, and legal aid organizations throughout the country. She regularly volunteers her time to train and educate individual and community stakeholders on their rights, and to assist indigent consumers and active duty military or veterans referred from legal aid or nonprofit organizations.



### Scott Owens

Since 2011, Mr. Owens has devoted his legal practice solely to defending consumers

against intrusive and fraudulent methods employed by telemarketers, spammers, and debt collectors. Mr. Owens litigates class action law suits in federal courts across the United States, focusing on violations of the Telephone Consumer Protection Act (TCPA), Fair Debt Collection Practices Act (FDCPA), and Fair and Accurate Credit Transactions Act (FACTA). Mr. Owens has led Florida's effort to curb illegal telemarketing practices, including the "We Buy Junk Cars" text-messaging scam that targeted hundreds of thousands of the state's residents in 2012.



### John Andrew (Andy) Spanogle

An early advocate for and author of pro-consumer state statutes on banking, commercial, and consumer law, Andy played a key role in establishing credit card liability limits and was involved in creating the Fair Credit Billing Act and improving the Truth in Lending Act. Andy also contributed to the development of consumer law as one of 14 original recruits of Ralph Nader's Public Interest Research Group, law professor at universities, including George Washington University Law School, and as lead author of the widely-used casebook Consumer Law. (See page 7 for more information about Andy's support of NCLC's work!)



NCLC Partners Council Chair Elizabeth Cabraser hosted an NCLC Insider Briefing at the San Francisco offices of Lief Cabraser Heimann & Bernstein last month. NCLC Partners Council (PC) and Board members in attendance (l to r): Robert Bramson (PC), NCLC attorney Stuart Rossman, Mark Chavez (PC), Elizabeth Cabraser (PC), NCLC Executive Director Rich Dubois, Board Member Nancy Barron and Bryan Kemnitzer (PC)

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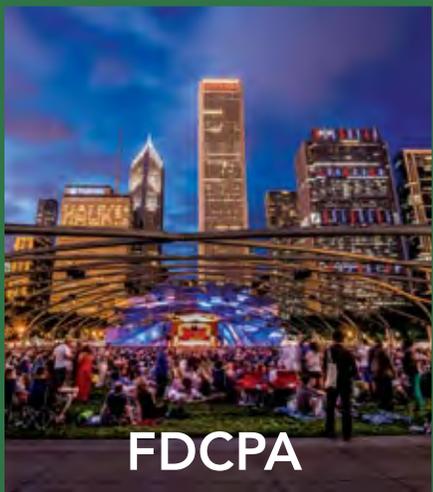


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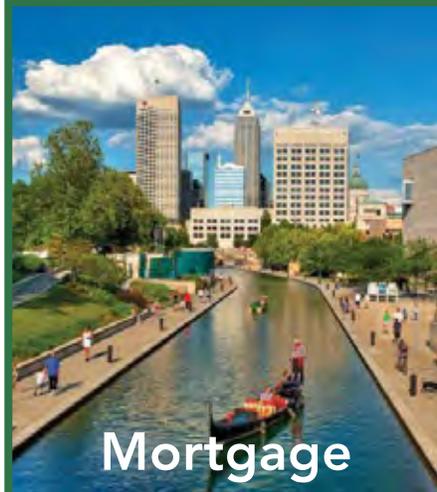
**Your Gift Helps NCLC Fight for Consumer Rights and Economic Justice! Please support NCLC today at [www.nclc.org/support](http://www.nclc.org/support)**

*The nonprofit National Consumer Law Center® (NCLC®) works for economic justice for low-income and other disadvantaged people in the U.S. through policy analysis and advocacy, publications, litigation, and training.*

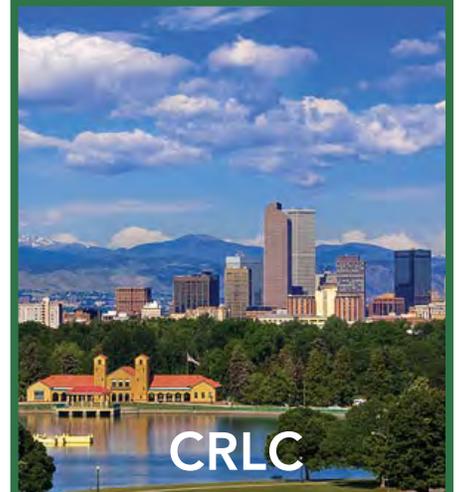
## Mark Your Calendar for NCLC's 2018 Conferences!



**FDCPA**  
March 19 and 20  
Chicago



**Mortgage**  
June 14 and 15  
Indianapolis



**CRLC**  
October 25 – 28  
Denver