



Consumer Federation of America



July 26, 2010

The Honorable Mary Jo Kilroy  
U.S. House of Representatives  
1237 Longworth House Office Building  
Washington, DC 20515-3515

Dear Congresswoman Kilroy:

Consumers Union, the nonprofit publisher of *Consumer Reports*®, the Consumer Federation of America (CFA), the National Association of Consumers Advocates (NACA), the National Consumer Law Center (NCLC) and U.S. PIRG are pleased to support the Medical Debt Relief Act of 2009, H.R. 3421. Millions of Americans struggle with overwhelming medical debts that they can not afford to pay because they do not have health insurance. Even consumers with adequate health insurance coverage can find that their credit scores are damaged because their medical debt has been characterized as a debt in collection for credit reporting purposes even though the medical debt has been fully paid or settled. Your legislation amends the Fair Credit Reporting Act to exclude fully paid and settled medical debt from a consumer's credit report.

According to the Commonwealth Fund, accrued medical debt plagued nearly 72 million working age adults in 2007. Of that amount, 28 million consumers were contacted by a collection agency for unpaid medical bills. A majority of the medical bills in collection are reported to the credit bureaus and appear on a consumer's credit reports as a "debt in collection". However, even after the bill is paid off or otherwise settled and has a balance of zero, the fact that the medical bill was previously reported as a collection matter remains on the consumer's credit records for several years and will adversely impact a consumer's credit score. This makes borrowing money more expensive for consumers and can result in problems accessing the best rates for mortgages, automobile loans, credit cards, and other revolving lines of credit.

We applaud your sensible and straightforward approach requiring the removal from a consumer's credit report any reference of a medical account with a balance of zero within 30 days of a zero balance. The Medical Debt Relief Act of 2009 will prevent the credit records of millions of consumers from being unfairly tarnished. Rather, credit records will show that these hard working consumers, who successfully paid off or settled their medical bills, are more creditworthy than the current scoring system would otherwise lead a prospective lender to believe.

We wholeheartedly endorse this legislation and look forward to working with you as the bill moves through Congress. Thank you for your leadership on this important issue.

Sincerely,

**Consumers Union**

**Consumers Federation of America**

**National Association of Consumer Advocates**

**National Consumer Law Center**

**U.S. PIRG**