Consumer Advocates Cheer Removal of Most Medical Debt from Credit Reports

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Credit Bureaus Should Remove Remaining Debts Owed by the Sickest and Most Vulnerable Consumers

WASHINGTON – Today, advocates at the National Consumer Law Center applauded a move by the Big Three credit bureaus (Equifax, Experian, and TransUnion) to change how they report medical debt, which will result in the removal of nearly 70% of medical bills from credit reports.

“We are thrilled that the credit bureaus are removing the vast majority of medical debt from credit reports,” said Chi Chi Wu, staff attorney at the National Consumer Law Center. “Medical debt has damaged the credit reports of tens of millions of consumers for far too long.”

Jenifer Bosco, staff attorney at the National Consumer Law Center, noted that the credit bureaus’ action comes on the heels of a report about medical debt by the Consumer Financial Bureau and statements by its director, Rohit Chopra, highlighting the problems of reporting medical debts. “This action shows that a strong CFPB with a strong Director can make transformational change for the lives of everyday consumers. The change will help most of the 15 percent of Americans with medical debt on their credit report.”

The credit bureaus announced that, beginning in July, they will remove medical debt that has been paid off and unpaid medical debt less than $500. Going forward, they will wait a full year before adding new unpaid medical debts to credit reports.

“Removing 70% of medical debts from credit reports is an enormous improvement, though the medical debts that remain may be held by the consumers who are most vulnerable – patients who have suffered a catastrophic accident or illness that led to huge medical bills, or those who lack insurance or have meager coverage,” said Berneta Haynes, staff attorney at the National Consumer Law Center. “We have learned that Black and Latinè consumers are more likely to be uninsured and underinsured, and to carry significant medical debt, and Black people in particular are more likely to be contacted by debt collectors over medical debt.”

Last week, NCLC put out a report examining the impact of medical debt on Black families.

“This move by the credit bureaus is a step in the right direction, but let’s get the rest of these medical debts off credit reports,” urged Ariel Nelson, staff attorney at the National Consumer Law Center. “Employers and landlords rely on credit reports, and no one should be denied a job or apartment simply because they got sick.”

For additional resources on credit reporting and medical debt, visit NCLC’s Credit Reports and Medical Debt pages.