NCLC Advocates Applaud CFPB Bulletin To Prevent Unlawful Medical Debt Collection and Credit Reporting

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No Surprises Act Brings New Consumer Protections From Surprise Medical Bills

WASHINGTON — In response to the Consumer Financial Protection Bureau’s issuance of a bulletin today, reminding debt collectors and credit bureaus of their legal obligations under the No Surprises Act, which took effect on January 1, 2022, advocates at the National Consumer Law Center issued the following statements:

“Now that the federal No Surprises Act has taken effect, debt collectors, consumer reporting agencies, and others involved with medical debt collection and credit reporting must ensure that they do not pursue consumers for debts that fall under the Act’s protections,” said Jenifer Bosco, staff attorney at the National Consumer Law Center. “The No Surprises Act provides long-awaited protections from surprise medical bills, shielding consumers from disputes between health care providers and insurance companies.”

“Medical debt is a large portion of all the accounts being collected by collection agencies,” said April Kuehnhoff, staff attorney at the National Consumer Law Center. “This bulletin sends a message to debt collectors that before they attempt to collect or report medical debt, they must make sure the debt is legitimate.”

“The CFPB has taken a critical step to protect the financial health of consumers,” said Chi Chi Wu, staff attorney at the National Consumer Law Center. “This continues CFPB’s streak of issuing guidance and reports that focus on credit and consumer reporting issues to protect American consumers.”

According to the U.S. Census Bureau, 19% of all US households had medical debt in 2017, rising to 27.9% for households with a Black household. In the second quarter of 2018, the CFPB reported that healthcare debt made up 58% of third-party collections tradelines, and in 2021, TransUnion reported that 49% of all outstanding collection balances were related to healthcare and medical debt.