

Credit reporting agencies begin to roll out guidance to data furnishers on how to treat, report medical debt

By Shannon P. Miller, Esq., Maurice Wutscher LLP*

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In an update to an article we published earlier this week regarding the three major credit reporting agencies Equifax, Experian and TransUnion issuing a joint statement last week regarding how medical debt will be treated and reported on consumer credit reports, those agencies provided further clarification to data furnishers on March 22.

A particular focus of the CFPB is holding NCRAs and other reporting companies accountable for the accurate reporting of medical debt.

As we reported previously, starting July 1, 2022, defaulted medical debt placed for collections and which subsequently has been paid will no longer be included in a consumer credit report issued by the three nationwide consumer reporting agencies (NCRAs) and unpaid medical debt will not be reflected in an individual's credit report for one year after becoming delinquent and placed for collections.

Further down the road, starting in 2023 the NCRAs will also stop including medical debt in consumer credit reports where the amount of the debt being furnished is below \$500.

As also previously reported, a particular focus of the CFPB, as iterated in its February 2022 report on medical debt, is holding the NCRAs and other reporting companies accountable for the accurate reporting of medical debt, including a duty to act against abusive furnishers who routinely report inaccurate information regarding medical debt.

In response thereto the NCRAs began rolling out guidance to data furnishers regarding their responsibilities as it relates to the

changes the NCRAs are making in the reflection of medical debt on consumer reports.

Impacting debt collectors and debt buyers, the NCRAs have advised these furnishers that as it relates to the decision to no longer report medical debts which have been paid, furnishers are directed to continue to furnish information regarding such debt, noting it as paid, to the NCRAs. The NCRAs will then remove paid debt from a consumer's credit report, consistent with their policy change regarding paid medical debt.

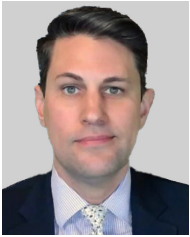
As it relates to the change regarding the length of time before medical debt may be reported, going from six months to one year, the NCRAs have directed furnishers to **not** furnish medical debt data until "365 days past the date of first delinquency with the original creditor that led to the account being sold or placed for collections."

As the NCRAs have changed their policies and procedures, so too must the industry.

Similarly, as it relates to the NCRAs' decision to not report medical debt with an outstanding balance below \$500, set to take place March 30, 2023, per the NCRAs' notice to furnishers, again it is on the furnishers to **not** furnish information regarding such debts.

As the NCRAs have changed their policies and procedures, so too must the industry. Be sure that your compliance team is adjusting your policies and procedures regarding how medical debt is treated and data thereon furnished to be consistent with the NCRAs and their new directives. Furnishing data inconsistent with the NCRAs' directives may potentially lead to consumer claims against such furnishers as well as consequences from the NCRAs.

About the author



Shannon P. Miller is a principal attorney in **Maurice Wutscher's** Media, Pennsylvania office, where he focuses on financial services law, particularly consumer financial services litigation. He has represented financial institutions and law firms across the country in claims filed under the Fair Debt Collection Practices Act, Fair Credit Reporting Act and state consumer protection statutes. He can be reached at smiller@MauriceWutscher.com. This article was originally published March 23, 2022, on the firm's website. Republished with permission.

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