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Client Alert: Amendments to Fair Debt Collection Practices Act and Fair Credit Reporting Act Likely with Proposed New Bill

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On April 7, 2020, a new bill was introduced by Congresswoman Katie Porter (D-CA), a member of the House Financial Services Committee and a former law professor and consumer protection advocate in the House of Representatives. The proposed bill, if passed, would amend the Fair Debt Collection Practices Act and the Fair Credit Reporting Act, specifically, regulating how medical debts are handled under these statutes.

The bill has 68 co-sponsors in the House of Representatives (67 Democrats and 1 Republican). The bill's current title is: "To amend the Fair Credit Reporting Act to institute a 1-year waiting period before medical debt will be reported on a consumer's credit report and to remove paid-off and settled medical debts from credit reports that have been fully paid or settled, to amend the Fair Debt Collection Practices Act to provide a timetable for verification of medical debt and to increase the efficiency of credit markets with more perfect information, and for other purposes."[1]

The specifics of the proposed bill and the text have not been published as of yet. However, the name provides abundant context as to what lawmakers hope to accomplish. The bill has been referred to the House Committee on Financial Services for review, according to Congress.gov.[2]

According to Congresswoman Porter's press release, the proposed legislation has garnered support from the National Association of Consumer Advocates, the Consumer Federation of America, Americans for Financial Reform, and the National Patient Advocate Foundation.[3] Congresswoman Porter went on to say, "Nobody chooses to get sick and take on medical debt. It is wrong for families to be saddled with years and years of additional financial hardships because of an illness or injury they weren't able to plan for."

Senator Jeff Merkley (OR) re-introduced a companion bill in the Senate, joining Porter. The companion bill, titled the "Medical Debt Relief Act" is cosponsored by Senators Richard Blumenthal (D-CT), Elizabeth Warren

(D-MA), Bob Menendez (D-NJ), and Dick Durbin (D-IL). "Imagine recovering from an intense medical event and paying off all of your medical bills, only to be haunted by that debt for years on end," Sen. Merkley said in his press release.[4] "Tens of millions of Americans have lived this reality—a nightmare that is only going to get worse as we battle the coronavirus pandemic. No patient or family should lose their credit opportunities because they got sick, so especially now, Congress should pass the Medical Debt Relief Act."[5] Full text of the Medical Debt Relief Act can be found here.

1 https://www.congress.gov/bill/116th-congress/house-bill/6470/cosponsors?r=4&s=1&searchResultViewType=expanded&KWICView=false

2 https://www.congress.gov/bill/116th-congress/house-bill/6470/all-actions-without-amendments?s=1&r=4

3 https://porter.house.gov/news/documentsingle.aspx?DocumentID=120

4 https://www.merkley.senate.gov/news/press-releases/merkley-senators-introduce-legislation-to-restore-patients-credit-opportunities-2019

5 *Id.*

For the most up-to-date legal and legislative information related to the coronavirus pandemic, please visit our Shumaker COVID-19 Client Resource Center at shumaker.com. We have also established a 24/7 Legal & Legislative Helpline at 1.800.427.1493 monitored by Shumaker lawyers around the clock.

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