

Submitted at Regulations.gov
The Hon. Rohit Chopra, Director
Consumer Financial Protection Bureau
2024 NPRM Overdraft

c/o Legal Division Docket Manager
1700 G Street NW Washington, DC 20552

Re: Docket No. CFPB–2024–0002 or RIN 3170–AA42

Medical debt prevents far too many Hoosiers from being able to meet their basic needs and pursue dreams such as homeownership and a secure retirement. The undersigned organizations and individuals in the state of Indiana believe the CFPB’s proposed rule would greatly support Hoosiers struggling with medical debt, especially in light of the current lack of protections in state legislation. Our limited state protections are not for lack of interest and advocacy; in the 2024 Indiana legislative session, 35 organizations and many individuals statewide signed on in support of a bill to offer additional protections to individuals with medical debt, including a prohibition on credit reporting. Unfortunately, this legislation failed to pass, making the CFPB’s proposed rule essential to protect individuals in our state.

Hoosiers simply seeking to care for their health have their lives upended, throwing them into poverty or further entrenching them. Sonya Paul from Muncie, Indiana, who was diagnosed with breast cancer and lost their home and went through bankruptcy after medical bills took all of their savings for retirement, speaks for many when she says *"I think what is also hard is you realize you've had this American dream, and it just gets snatched away from you so quickly. You are in poverty before you even realize it's coming."* When it comes to medical debt, Hoosiers fare worse than their peers in both nearby Midwestern states and nationally. In comparison to our Midwest neighbors of Ohio, Michigan, Kentucky and Illinois, Indiana has the highest share of individuals with medical debt placed in collections (CFPB, 2022). Nationally, Indiana is ranked 11th for highest share of the population with medical debt in collections with nearly one in five Hoosiers (16 percent) had an outstanding medical debt in collections in 2023, with a median amount of \$748 in collections (Urban Institute, 2023).

Within Indiana and elsewhere, medical debt disproportionately burdens communities of color, women, and individuals with disabilities. While 15 percent of white Hoosiers have medical debt in collections, 25 percent of Hoosiers of Color have medical debt in collections (Urban Institute, 2023). Medical debt rates among Communities of Color are significantly worse in Indiana (25 percent) than the nationwide rate of medical debt (15 percent). The increased rates of medical debt among Communities of Color in Indiana led to our state being ranked 10th for the highest proportions of medical debt in collections among Communities of Color (Urban Institute, 2023). Low-income individuals also have higher rates of medical debt, with the Indiana Community

Action Association's 2020 Community Needs Assessment finding that nearly half of all respondents (48 percent) had some form of medical debt.

Hoosiers' own experiences reflect these findings, reinforcing that medical debt is a financial trap ensnaring millions of families across Indiana each year—and destroying opportunities for brighter futures by ruining credit scores and financial capacities. Deborah Fisher, an Indianapolis resident and Institute staff member, spoke to this in testimony for medical debt protections about her child who spent weeks in the ICU and how medical debt forced her to sell her home and lose wages to garnishment: *"It felt like I was trying to make my way back up the ladder, only to fall back down to the bottom. It was like being punished and re-punished all over again — all because I had a baby that needed medical care."* Sadly, Miss Fisher's story is all too common in our state; as the Institute's 2021 report on medical debt in Indiana shows, medical debt was the most common form of debt in collections for survey respondents from low-income households – at 37.1% (Debt in Indiana, 2021).

The matter of medical debt is also one that has life-and-death stakes for Hoosiers, as individuals battling deadly diseases often face high prices to pay for cures and treatment. One Hoosier, Joyce Fleck, from Jasper, Indiana, wrote in testimony for medical debt about watching her sister, Jayne, struggle with medical bills as she fought cancer. *"Jayne lived a very humble life and was such a good person. To this day, I still cannot think of a single instance when I was upset with her. That's almost unheard of with siblings. I have to wonder how much longer my sister could have lived if her medical debts were put on hold while she was trying to recover. Or if she wouldn't have had to lose precious time waiting for the proper level of insurance coverage to be approved. It was just awful watching her go through this."*

In non-life-or-death instances, medical debt still creates a large barrier between Hoosiers who at one point needed medical care and escaping poverty and pursuing a better future. One Hoosier, writing to the CFPB, highlighted the longevity credit reports and the harms that it creates, *"I am currently trying to close on a house and was advised that I had 2 medical bills on the reporting agencies from 2012 by the amounts of [REDACTED] and [REDACTED] from [REDACTED]. I was told it was sold to a Med Shield Incorporated. This debt [is] beyond the 7-year limit and needs to be removed. They are still reporting it as if it is a new debt. I requested it be removed and they are not willing to do so nor give me further information to resolve it."* Another Hoosier reported struggled with medical debt collections agencies not respecting the legal time limits of debt, writing, *"For the past 10 years, this company has continuously reported an account for [\$790.00] on my credit file. Every time the account falls off of my credit report [they have] reopened it as a new account."*

Beyond being doggedly pursued for medical debt, many Hoosiers have not received notice or are currently experiencing harm from fraudulent or mishandled medical debt billing. One Hoosier, highlighted the lack of proactive communication and information from medical debt companies,

which is a common experience among complainants, writing, *“These companies have never spoken to me prior to reporting these debts to the credit agencies and I know this because I was incarcerated.”* Even when Hoosiers can be contacted, they can still face barriers to repaying their debt, particularly when already on a budget, before entities write it off to collections and harm their credit scores. Another Hoosier with this experience shared, *“I have been making payments on this bill once a month of various amounts. I thought as long as you were making payments of any sort that would keep it from going to collections...I can only pay a chunk at a time. This should not have been sent to collections, because they are receiving payments from me.”*

Medical debt as a financial drain has been exacerbated with the cost-of-living crisis, with the Commonwealth Fund 2023 Health Care Affordability Survey highlighting that individuals with insurance are forgoing or delaying healthcare at higher rates because of financial costs. Nearly one in three individuals receiving employer coverage reported not seeking or delaying seeking healthcare due to concerns related to healthcare service fees. This pattern repeats across populations that are less likely to be employed due to age or disability with two in five individuals on Medicare reporting the same behavior, likely because of higher copay fees but lower income. The current cost-of-living crisis means that even having insurance, a necessity which 7.9 percent of Americans (around 26 million individuals) lack, is not enough to prevent falling into medical debt, an outcome that hinders households’ future capacities for prosperity (Commonwealth Fund, 2013).

Meanwhile, new financial products such as medical credit cards (e.g., Care Credit) have contributed to these worsening conditions. These products are commonly presented at point of service within medical provider offices as an avenue for covering their medical needs. Over the last several years, there has been significant growth in one of the biggest service providers of medical credit cards, Care Credit, expanding from 4.4 million cardholders in 2013 to 11.7 million in 2023 (CFPB, 2023). This is particularly concerning as medical credit cards entities such as Care Credit are known for their lack of transparency through deceptive enrollment practices, high interest rates that exceed most general credit card APRs and deferred interest that compounds (CFPB, 2023). The influx of these products into the marketplace without much consumer protection has further added to the medical debt crisis being experienced in Indiana and beyond.

Americans across the country and Hoosiers in our state of Indiana should not have to choose between healthcare needs and a future free from economic distress. We signed on to this letter to stand firmly in favor of the CFPB’s proposed rule, and further suggest restrictions on the reporting of debt that is placed on medical credit cards or medical payment products. While these are clearly not the only reforms that are needed to create access to health care without hardship, they put us one step closer to repairing a system that is failing far too many people in Indiana.

Signed,

Organizations (21 Signees)

Indiana Community Action Poverty Institute

REAL Services

Area Five Agency on Aging and Community Services, Inc

Indiana Community Action Association, Inc

Prime Care

Interlocal Community Action Program, Inc.

DLBE

Fairfield Township

Thrive Alliance

Northwest Indiana Reinvestment Alliance

United Women in Faith of Indiana

Hoosier Action

SIEOC

Homestead Resources

Southeast Community Services

John Boner Neighborhood Centers

Homestead Resources

Community Action of Greater Indianapolis

Indianapolis Urban League

Grace Horizon

Prosperity Indiana

LISC Indianapolis

Individuals (61 Signees):

Karla Ann Fales

Charles LaDow

Deborah Fisher: *“I had a horrific experience with medical debt. It can add to all the pressures we have in this life.”*

Wendy Melissa Wright: *“I have complex and extensive medical issues and have had experiences with medical debt, even hospitals double billing with same dates of service and procedures but the amounts are just cents different from one another. All of that piled up and hurt my credit score so much that it has prevented me from getting approved for a mortgage. Instead I have had to rent and deal with slumlord after slumlord, paying more than what a mortgage would have cost me. I think changing legislation to not include medical debt, even student loan debt (especially if someone has a payment plan in place or an IDR agreement), will help a lot of people become homeowners.”*

Edward Gerardot

Gwen Eley

Kevin Polivick

Denard Beemon

Monica Casanova

Teresa Lorenz

Toyia Moore

Colleen Wynn

Carla Kilgore: *“I have worked with many families who were homeless, and medical debt was frequently a part of their story. Getting sick or injured shouldn't put someone on the street.”*

Jennifer Rutkowski-Smith: *“My husband had leukemia, strokes, brain surgery, and dialysis in his lifetime. Were it not for having access to insurance-- including ACA coverage at one point, we would have large amounts of medical debt. He was not eligible for SSDI, only SSI, but a 2 adult household of \$25,000 disqualified him for SSI. He eventually received Medicaid coverage due to his limitations. For individuals who do not understand our complex medical system, it is*

easy to accrue medical debt if you are not able to advocate and/or make all the correct decisions. Hoosiers need protections so they don't have to choose between health care or food on the table."

Paul Sammons: *"Emergency medical care for a pre-existing condition - fortunate to have resources to pay over time, but many families and individuals are financially stretched to their limit."*

Mary Lou Timmons

Barry Macey

Julie Beliles

Roshawn Neal

Brittany Foster

Leeanne Burnham: *"i have many medical bills i cannot pay"*

Alison Cole

Jean Zajac

Valerie Massey

Barbara Wellnitz

Adriene Wells

Mandy Bravo

Teresa Jarman: *"I am responding on behalf of myself. Due medical bills, I have been unable to receive a good credit report due to interest rates elevating."*

Chris Holtzleiter

Jennifer Donah

Joseph Spoljaric

Danyelle Johnson

Tricia Massa: *"As a church volunteer answering calls from poor families facing emergency needs for financial assistance, I can tell you that the need is tremendous in Lake County. There is a severe shortage of affordable housing and a clear credit history is necessary to help keep*

families housed. We already have too many homeless - keeping medical debt off of people's credit history will keep more working poor families in housing."

Mary Swain

Sally Dixon

Holly Juip: *"I make my communities ave income, but it's only \$42,000. I'm barely getting by. Adding medical debt from ER visits and surgery for my child is just beyond my ability to pay."*

Catherine Phillips: *"My medical doesn't nor shouldn't be Displayed out there like that."*

Jasmyn Russell

Martha Overla

Marjorie Osborn: *"I have been effected by medical debt my ENTIRE adult life. Since the age of 18 I have had struggles with affordable insurance. Because of this stacked debt, it has prevented me in many instances from obtaining a loan for anything with a reasonable interest rate and/or approval, period. I currently have HIP though it could change at any point because of income requirements, state regulations, laws, etc. While I am grateful for the insurance I have at this time, I have been subject to a difficult financial freedom to this point. My health or pay my rent? How is that freedom? How does that show the many many individuals suffering from the same situation they are important and not just a burden to our failing healthcare financial system? I work with a lot of this particular population. They have to choose their bills over their health every single day."*

Penny Hunt

April Mitchell: *"No one should have to worry about diagnosis of an acute or chronic illnesses, accidents, etc to be used against them on a credit score to determine if they can qualify for a home, a car, a loan, etc. I was in a car accident and my emergency assessment room cost me 10 thousand dollars."*

Gilda Curry-Sanders: *"I was stuck with a large medical bill after becoming seriously ill."*

Stephanie Solomon

Roberta Schonemann: *"Without Medicare, I would be having to endure excruciating pain from hip bone-on-bone. I cannot imagine conducting a normal life caring for family and keeping a job under those circumstances."*

Alison Cole

Sean Kruse

Julie Beliles

Joseph Spoljaric

Coleman Cassaundria: *“The country should take care all medical expenses for every American . They are the reason majority of the Americans is sick anyways. Experimenting, animals not eating hemp plants to get the right nutrients. Truck stops being built in the middle of communities, that majority seniors live. Not regulating the rules correctly for the steel mills . Food and drug administration should be 2 intensities.”*

Akilah Webster

Sheena Miller: *“Medical debt is devastating to so many Hoosiers. The pricing within the healthcare system is inconsistent and unjust. Reporting medical debt on credit only puts Hoosiers in a worse position over, often times, life and death decisions in which they have little or no control over costs.”*

Elizabeth Brandt

Tricia Massa

Amelia Hawbaker

Erin Long

Rachel Cheeseman: *“I was in a bike accident, caused by a pothole and a disabled streetlamp, that ate up my full deductible over two plan years due to multiple surgeries and physical therapy. I also had a broken hand/wrist that couldn't be used for several weeks. I happened to have good health insurance at the time, but I work in a white collar job with decent health insurance. Even then, my take-home pay was reduced by 20% for two years. If I'd been a restaurant server, self-employed hair stylist, or in a variety of other jobs where I couldn't simply pivot the majority of my work to a dictation app, it would have been financially devastating. I would have been out of work for weeks, slammed with huge medical bills, and possibly compromised on care/rehabilitation due to the cost of care. I think every day about how I was lucky to survive both physically and financially. It was all a matter of luck. Surviving a bike accident shouldn't mean disaster. And whether or not it does shouldn't be a matter of luck.”*

Lori Chambers

Lauren Murfree: *“I strongly support this proposed regulation. As someone who has struggled with medical debt for decades due to a chronic health condition, I can say it has negatively impacted my financial well-being. Growing up poor made it difficult to become secure, and medical debt contributed to my inability to be financially secure for decades, affecting not just myself but my family. I know many others struggle with surprise bills, unexpected charges and incorrect billing statements. Most recently, I was charged 3x for a single CT scan that was*

claimed to be a "mistake" on the part of the hospital, but one they were going to let me foot the bill for if I had not caught it. I should not be doing the work of a hospital checking billing codes to ensure they are correct, I am not being paid to do so. I also experienced deceptive practices when obtaining a care credit card for dental work years ago during a moment of crisis. Not being informed of the process of deferred interest and how it compounds over time led to higher charges than I would have received just using a regular credit card. My experiences with medical debt, incorrect coding and many other forms of abusive debt collective practices are not ones isolated to me but experienced by many. I encourage the regulation to be passed and also that the inclusion of medical credit cards be included, as my experiences are not unusual and one-offs but common."

Don Hossler

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