January 30, 2025

To: The Honorable Kathleen Taylor, Chair of the Senate Business & Labor Committee
The Honorable Daniel Bonham, Vice Chair of the Senate Business & Labor Committee
From: Kris Quigley, Director, Government Relations, CDIA
Cc: Senate Business & Labor Committee Members
Re: Testimony in Opposition to SB 605:Medical Debt Reporting

My name is Kris Quigley speaking on behalf of the Consumer Data Industry Association (CDIA). I appreciate the opportunity to provide opposition testimony regarding SB 605, legislation that seeks to limit the reporting of medical debt to credit reporting agencies (CRAs).

About CDIA

CDIA represents consumer reporting agencies, including nationwide, regional, and specialized credit bureaus, as well as background check companies and other entities in the consumer reporting ecosystem. Since 1906, CDIA has promoted the responsible use of consumer data to help individuals achieve financial goals and support businesses, governments, and other organizations in managing risk and preventing fraud. Our members empower economic opportunities by ensuring fair, safe, and reliable transactions, which expand consumers' access to financial products tailored to their needs.

Federal Preemption Under the FCRA:

- The Fair Credit Reporting Act (FCRA) includes clear preemption provisions that prohibit states from regulating areas of consumer reporting covered under federal law. The proposed legislation conflicts with these federal provisions, raising significant legal and compliance concerns.

Recent Consumer Financial Protection Bureau (CFPB) Ruling:

- The CFPB lacks the legal authority to prohibit creditors from considering medical debt. The CFPB also lacks the authority to dictate what can and cannot be included in credit reports.
- Congress established a detailed framework governing the content of credit reports as set out in the Fair Credit Reporting Act (FCRA), which does not give

the CFPB discretionary authority to determine what should or should not be included in a credit report.

Significant Efforts to Address Medical Debt Reporting

Over the last several years, the nationwide credit reporting agencies have taken substantial steps to minimize the negative effects of medical debt on consumer credit reports:

- **Removal of Paid Medical Collection Debt**: As of July 1, 2022, all paid medical collection debt is excluded from consumer credit reports, meaning these debts no longer impact credit scores.
- **Extended Timeframes for Reporting**: The time period before unpaid medical collection debt appears on credit reports was extended from six months to one year, allowing consumers more time to work with insurance companies or healthcare providers to resolve these debts.
- **Exclusion of Small Medical Debts**: As of 2023, medical collection debt under $500 is no longer included in consumer credit reports.

Risks Associated with Not Reporting Medical Debt Include:

- **Reduced Credit Accuracy**: Medical debt is often an indicator of financial risk. Suppressing this information undermines the accuracy of credit reports and, in turn, the reliability of credit scoring models used by lenders.
- **Increased Risk and Higher Costs**: Less reliable credit reports create uncertainty for lenders, which can lead to stricter lending practices, reduced credit availability, or higher interest rates for consumers in Oregon.
- Accurate consumer reports contribute to a healthy credit and lending ecosystem.

Commitment to Consumer Protection

We support efforts to assist consumers in managing medical debt and achieving financial stability. Existing tools, including recent reforms implemented by the nationwide CRAs, provide consumers with enhanced protection and greater control over their credit health.

Conclusion

In closing, we respectfully urge the committee to oppose legislation that would prohibit the reporting of medical debt to credit reporting agencies. I am available to answer any questions or provide additional information that the committee may require.