



January 27, 2025

The Honorable Kathleen Taylor
Chair, Senate Committee on Labor & Business
900 Court Street
Salem, OR 97301

RE: SB 605 – Medical Debt: Reporting – OPPOSE

Dear Senator Taylor:

On behalf of the Consumer Data Industry Association (CDIA) I am writing to express our concerns with legislation that would limit reporting of medical debt to credit reporting agencies (CRAs). While we support the intention to help consumers, suppressing medical debt from a credit report will likely cause greater risk to a consumer's credit history, will increase risk to lenders and creditors, and has the potential to result in less credit or higher interest rates to consumers in Oregon. In addition, language requiring non reporting to credit reporting agencies is preempted by the Fair Credit Reporting Act ¹ (FCRA).

CDIA is the voice of the consumer reporting industry, representing consumer reporting agencies including the nationwide credit bureaus, regional and specialized credit bureaus, background check companies, and others. Founded in 1906, CDIA promotes the responsible use of consumer data to help consumers achieve their financial goals, and to help businesses, governments, and volunteer organizations avoid fraud and manage risk. Through data analytics, CDIA members empower economic opportunity, helping ensure fair and safe transactions for consumers, facilitating competition and expanding consumers' access to financial and other products suited to their unique needs.

¹ Preempted through subject matter preemption of furnisher responsibilities see 15 U.S.C. §1681t(b)(1)(F).

We understand that medical collections debt often arises from unforeseen medical circumstances. After several years of COVID-19 and a detailed review by the nationwide credit reporting agencies of the prevalence of medical collection debt on credit reports, the nationwide CRAs have made changes to help people focus on their personal wellbeing and recovery.

Since July 1, 2022, all paid medical collection debt has not been included in consumer credit reports. This means medical debt that was paid late is no longer a red mark against a consumer's credit. In addition, the time period before unpaid medical collection debt can appear on a consumer's report was increased from 6 months to one year, giving consumers more time to work with insurance and or healthcare providers to address their debt before it is reported on their credit file. Since the first half of 2023, the nationwide CRAs have also announced that they are no longer including medical collection debt under \$500 on credit reports. These are significant changes to reflect the impacts of medical debt on a consumer's credit report.

As you can see, the nationwide CRAs have made substantial changes in how medical debt is reported, to limit its impact on consumers' credit. However, any legislation which attempts to suppress the reporting of this information in its entirety could have severe unintended consequences. Failure to include medical debt in its entirety means that credit reports are less accurate and therefore less reliable for scoring models. This, in turn, could mean less credit is available to Oregon consumers, or it is available at a higher rate than consumers living in nearby states.

A safe and sound credit economy needs a reliable credit reporting system. Suppression of credit reporting leads to increased inaccurate credit files, reduces the reliability of credit scores, and adds greater risk and uncertainty into the

lending process. That is why Congress included language in the federal Fair Credit Reporting Act 15 U.S.C § 1681t(b)(1)(F) which preempts “any subject matter regulated under....15 U.S.C.§1681s-2, relating to responsibilities of persons who furnish information to consumer reporting agencies.....”The FCRA imposes obligations on companies (“furnishers”) that provide (“furnish”) information to consumer reporting agencies (CRAs). These obligations are in 15 U.S. Code §1681s-2, responsibilities of furnishers of information to consumer reporting agencies. The FCRA has extensive preemption provisions that prohibit state regulation in many areas of law relating to consumer reporting, including provisions that impact furnishing requirements.

We support your goal to assist consumers, and we believe the existing tools that are in place enable individuals to protect and control their credit health. We are committed to working with consumers, the Oregon legislature, and all stakeholders to protect consumers and safeguard the stability of the financial system. It is with this in mind that we respectfully ask the committee to oppose this legislation that would prohibit reporting of medical debt to credit reporting agencies.

Thank you for your consideration of our comments. I would be happy to answer any further questions that you or the committee might have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kris Quigley', is centered within a light gray rectangular box.

Kris Quigley
Director, State Government Relations

Cc:

The Honorable Daniel Bonham, Vice Chair, Senate Committee on Labor & Business
Honorable Members of the Senate Committee on Labor & Business
The Honorable Wlnsvey Campos