Submitter: D Torres

On Behalf Of:

Committee: House Committee On Commerce and Consumer Protection

Measure, Appointment or Topic: SB605

Chair & Committee Members,

I oppose SB 605.

This bill raises significant concerns about the fairness, transparency, and integrity of the credit reporting system.

This bill undermines the accuracy and completeness of credit reports. Credit reports are designed to provide a full and accurate picture of a consumer’s financial obligations and payment history. Excluding an entire category of debt—medical debt—creates an incomplete and potentially misleading profile. Lenders, landlords, and other institutions rely on comprehensive credit data to make informed decisions. Suppressing medical debt from reports could lead to misjudgments about a consumer’s creditworthiness, ultimately affecting access to loans, housing, and other financial services.

It removes an important incentive for timely payment and financial responsibility. When individuals know that unpaid debts—medical or otherwise—may appear on their credit reports, there is a clear incentive to resolve those debts. Removing that consequence may reduce urgency in resolving outstanding medical bills, leading to longer periods of delinquency and higher costs for medical providers. This could result in increased financial strain on the healthcare system and possibly higher healthcare costs for all patients to offset unrecovered losses.

Existing consumer protections already address many concerns about medical debt. Federal regulations, including recent changes by major credit reporting agencies, have significantly limited the impact of medical debt on consumer credit. Many medical debts now have a waiting period before being reported, and small balances are often excluded entirely. Additionally, the Consumer Financial Protection Bureau (CFPB) has implemented rules to ensure that consumers are not penalized unfairly for delayed insurance reimbursements or billing errors. In this context, a full prohibition at the state level may be unnecessary and duplicative.

Making violations of this law punishable under the Unlawful Trade Practices Act could lead to excessive litigation. Medical providers and credit agencies may face legal uncertainty and increased liability under a vague or overly broad enforcement standard. This could discourage legitimate debt reporting and impose additional costs on already burdened healthcare providers—especially small clinics and rural hospitals—who rely on standard credit practices to manage operations and reduce risk.

While the goal of reducing the harm caused by medical debt is important, this bill takes an overly broad approach that may create more problems than it solves. A better path forward would be targeted reforms that strengthen transparency, protect against abusive billing practices, and support patients in resolving debt—without undermining the integrity of the credit reporting system or imposing undue burdens on providers,

Please do not pass this bill.