H.R. 1773 - The Consumer Protection for Medical Debt Collections Act

Background:


The legislation introduced by Rep. Rashida Tlaib (D-MI), would delay the ability to report medical debt to credit reporting agencies for one year, and creates a ban of the reporting of debt arising out of “medically necessary procedures.” Additionally, the legislation prohibits collecting medical debt at all, for two years.

There is no current companion bill in the Senate, but Senator Jeff Merkley (D-OR) introduced a similar bill to in the form of S. 1581, the Medical Debt Relief Act in 2021. We expect Sen. Merkley to consider introducing this bill again in this Congress. Sen. Merkley’s bill would have prohibit credit reporting for one year. However, unlike the current House bill the Senate version clarifies that the legislation does not impact when a debt collector may engage in activities to collect or attempt to collect any debt owed or due or asserted to be owed.

Impacts:

The proposed legislation would make it almost impossible for a hospital to provide the care its patients need.

- If passed, H.R. 1773 would prohibit the collection of medical debt for up to two years, which would impose significant negative consequences on the patient. Such delays will essentially keep the patient in the dark about their financial responsibilities by eliminating the essential communication between the provider and the patient regarding medical financial obligations as they occur and limit the window of opportunity for resolution.
- H.R. 1773 prohibits any third party, whether at the day one early out level of sending statements and making phone calls, or the bad debt collection agency level, from collecting medical debt for the first two years postdate of service.
- H.R. 1773 harms consumers who could miss out on the ability to seek charity care or other options for addressing unaffordable medical debt and correcting coding and billing errors in order to properly file with insurance carriers for proper claim payment if collection efforts are stalled for years at a time.
- H.R. 1773 clearly swings the pendulum way too far in making it difficult for hospitals to collect on a patient’s medical account and would be disastrous for medical providers taking care of patients and those serving them in the accounts receivable management industry.

H.R. 1773 would strain critical resources that currently go towards helping the patients they serve. The goal should be to drive healthcare costs down, not up. H.R. 1773 will drive up costs to hospitals, which in turn means patients will end up paying more.

The potential economic impact of this bill is hard to even imagine but it certainly will at the very least make it harder for certain consumers to obtain medical care because of fears from providers that it will be impossible to ever collect on payment and would throw a wrench in a functioning credit-based economy.

If passed H.R. 1773 would be devastating to the Health Care Community at large. It would significantly impact hospitals from providing care and create unprecedented barriers to the daily operations of the health care systems.

**AAHAM Recommendation:**

AAHAM urges Congress to table this legislation. The passage of H.R. 1773 would have negative unintended consequences on the patients we serve. We urge Congress to instead work with AAHAM on a solution that is balanced and fair. Passing this legislation in its current form will cause severe financial hardship on hospitals, especially those in rural communities, and will negatively impact patient consumers. This legislation would have harmful impacts on rural hospitals already struggling to remain open and viable community option for patients.