To amend the Fair Credit Reporting Act by instituting a 180-day waiting period before medical debt will be reported on a consumer’s credit report and removing paid-off and settled medical debts from credit reports that have been fully paid or settled, to amend the Fair Debt Collection Practices Act by providing for a timetable for verification of medical debt and to increase the efficiency of credit markets with more perfect information, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. Merkley (for himself, Mr. Durbin, Mr. Blumenthal, Mr. Menendez, and Mr. Schumer) introduced the following bill; which was read twice and referred to the Committee on ___

A BILL

To amend the Fair Credit Reporting Act by instituting a 180-day waiting period before medical debt will be reported on a consumer’s credit report and removing paid-off and settled medical debts from credit reports that have been fully paid or settled, to amend the Fair Debt Collection Practices Act by providing for a timetable for verification of medical debt and to increase the efficiency of credit markets with more perfect information, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Medical Debt Relief Act of 2016”.

SEC. 2. AMENDMENTS TO FAIR CREDIT REPORTING ACT.

(a) MEDICAL DEBT DEFINED.—Section 603 of the Fair Credit Reporting Act (15 U.S.C. 1681a) is amended by adding at the end the following:

“(z) MEDICAL DEBT.—The term ‘medical debt’ means a debt described in section 604(g)(1)(C).”.

(b) EXCLUSION FOR PAID OR SETTLED MEDICAL DEBT.—Section 605(a) of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)) is amended by adding at the end the following:

“(7) Any information related to a medical debt if the date on which such debt was placed for collection, charged to profit or loss, or subjected to any similar action antedates the report by less than 180 days.

“(8) Any information related to a fully paid or settled medical debt that had been characterized as delinquent, charged off, or in collection which, from the date of payment or settlement, antedates the report by more than 45 days.”.
SEC. 3. VALIDATION OF MEDICAL DEBT.

(a) In General.—Section 809 of the Fair Debt Collection Practices Act (15 U.S.C. 1692g) is amended by adding at the end the following:

“(f) VALIDATION OF MEDICAL DEBT.—For purposes of medical debt, the following shall apply:

“(1) DEFINITIONS.—For purposes of this subsection:

“(A) CONSUMER REPORTING AGENCY.—The term ‘consumer reporting agency’ has the meaning given such term under section 603(f) of the Fair Credit Reporting Act.

“(B) MEDICAL DEBT.—The term ‘medical debt’ means a debt arising from the receipt of medical services, products, or devices.

“(2) NOTICE OF SPECIFIC DEADLINE.—Prior to furnishing information regarding a medical debt to a consumer reporting agency, a statement described under subsection (a)(3) shall include the following information:

“(A) That the debt collector could report to a consumer reporting agency regarding the debt at the end of the 180-day period beginning on the date that the debt collector sends the statement.
“(B) The specific date that is the end of the 180-day period beginning on the date that the debt collector sends the statement.

“(C) That, if the debt is settled or paid by the consumer or an insurance company during the 180-day period beginning on the date that the debt collector sends the statement—

“(i) the debt will not be reported to a consumer reporting agency; and

“(ii) the consumer may, during the 180-day period—

“(I) communicate with an insurance company to determine coverage for the debt; or

“(II) apply for financial assistance.

“(3) COMMUNICATIONS BY DEBT COLLECTOR.—The debt collector may not, during the 180-day period beginning on the date that the debt collector sends the statement described under paragraph (2), communicate with, or report any information to, any consumer reporting agency regarding such debt. This paragraph shall have no effect on when a debt collector may or may not engage in ac-
tivities to collect or attempt to collect any debt owed
or due or asserted to be owed.

“(4) REPORTING AFTER THE 180-DAY PERIOD.—Nothing in this subsection shall prohibit the
debt collector from communicating with, or reporting
any information to, any consumer reporting agency
regarding such debt after the end of such 180-day
period.”.

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall take effect
after the end of the 6-month period beginning on the date
of the enactment of this Act.