

Medical Debt and Your Credit Report: Relief Has Arrived — Video Transcript

According to the Consumer Financial Protection Bureau, medical debt is the most common type of debt reported on consumer credit reports.

In fact, an estimated \$88 billion in medical debt was reported on credit reports as of June 2021.

The complex world of medical billing and collections practices is often difficult to navigate.

Many consumers have trouble understanding what procedures they are being charged for or what the billing codes on a medical or hospital bill mean.

This often results in unpaid bills because consumers are unaware of what they owe or are disputing what they owe to their health care provider.

Prior to July 1, 2022 unpaid bills were reported to credit bureaus, negatively impacting an individual's credit report.

Fortunately for consumers, the way medical debt is reported on credit reports has changed.

The three major credit bureaus (Equifax, Experian, and TransUnion) no longer include medical debt that's been paid after it was sent to collections on credit reports.

According to the credit bureaus, this change will result in nearly 70% of paid medical debts being removed from consumer credit reports.

In addition, the credit bureaus have increased the amount of time before medical debt in collections appears on credit reports, from six months to one year.

This additional time will give consumers the opportunity to settle any disputed charges or work out a payment plan with their health-care provider.

Finally, beginning in 2023, the credit bureaus will no longer include medical debt in collections of less than \$500 on credit reports.

These changes will benefit the credit reports of many consumers as they navigate the complex world of medical billing.