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CREDIT REPORTING MEDICAL DEBT



RESPONSIBILITIES, RIGHTS & RESULTS

This information is not intended to be legal advice and may not be used as legal advice. Legal advice must be tailored to the specific circumstances of each case. Every effort has been made to ensure this information is up-to-date as of the date of this publication (March 2017). It is not intended to be a full and exhaustive explanation of the law in any area, nor should it be used to replace the advice of your own legal counsel.


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1 THE BASICS

Credit Reporting FAQs

Understanding the basics of credit reporting is incredibly important if you are going to be a resource to your patients. Discussing reporting a delinquent account may be a difficult conversation to have, but being able to explain the process and helping the patient to the best of your ability can go a long way in maintaining your relationship with them, and ultimately retaining them as a patient.

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A summary of a consumer's financial activity and history that is regularly updated by the 3 national credit bureaus -Experian, Equifax, & TransUnion- by reports made from creditors. It includes the names of companies that have extended credit and/or loans to the consumer, as well as credit limits and loan amounts. The consumer's payment history is also part of the record. If they have delinquent accounts, bankruptcies, foreclosures, or lawsuits, these can also be found on their credit report.

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CBR FAQ #1

WHAT IS A CREDIT REPORT?

Source: TransUnion (2016).
What is a Credit Report? Retrieved from
<https://www.transunion.com/credit-report>

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The past-due balance from your office will be placed on the patient's credit report. Creditors will report whether a consumer paid on time or late, and how late the payments were. Credit reports and scores are then used to determine whether the consumer can obtain more credit in the future. How your practice's overdue balance will affect the patient is dependent upon the totality of their credit history.

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CBR FAQ #2

WHERE IS MY PRACTICE'S PAST DUE BALANCE RECORDED?

Source: TransUnion (2016).
What is a Credit Report? Retrieved from
<https://www.transunion.com/credit-report>

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When your practice's outstanding balance appears on the patient's credit report depends on when the report is made. Creditors and lenders can report throughout the month, so the information on a consumer's credit report generally varies at any given time. Additionally, creditors might only report changes in account status (such as payments or delinquencies) on a monthly basis. Therefore, if a payment is made or becomes delinquent it is possible that the payment won't appear on the credit report for up to 30 days.

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CBR FAQ #3

**WHEN WILL MY PRACTICE'S PAST-DUE
BALANCE BE REFLECTED ON THE PATIENT'S
CREDIT REPORT?**

Sources: TransUnion (2016).
What is a Credit Report? Retrieved from
<https://www.transunion.com/credit-report>;
Experian (2017).
Credit Report Basics. Retrieved from
<http://www.experian.com/blogs/ask-experian/credit-education/report-basics/>

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The actual amount due to your practice may not match the amount past due on the patient's credit report. The bureaus do not always update the balance due as payments are made, only when the balance is paid in full. If the patient believes the total amount due as reported by your practice or agency is incorrect, they have the ability to dispute the debt with the bureaus by phone, mail, or online and the bureaus will investigate.

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CBR FAQ #4

MY PATIENT MADE A PAYMENT ON THEIR OVERDUE BALANCE, BUT IT WAS NOT REFLECTED ON THEIR CREDIT REPORT. WHY?


Source: Equifax (2017).
How to Dispute Credit Report Information.
Retrieved from
<https://www.equifax.com/personal/education/credit/report/how-to-dispute-credit-report-information>

THE EFFECTS 2

Your Patient & You

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One of the most frequently asked questions surrounding credit reporting is how long it will affect a patient's credit. However, there are also impacts to your healthcare organization to consider when deciding whether credit reporting is right for your business.

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**STATE LAWS MAY DIFFER,
BUT FEDERAL LAW STATES
THAT LATE PAYMENTS CAN
STAY ON A CONSUMER'S
CREDIT REPORT FOR UP TO 7
YEARS FROM THE DATE OF
FIRST DELINQUENCY.**

If the patient has filed bankruptcy, negative reports can remain for up to 10 years.

Positive reports remain for an average of 10 years from the date the corresponding account is closed.

**HOWEVER, NEW SCORING MODELS
& REPORTING REFORM INITIATIVES
HAVE MADE SOME CHANGES TO
THIS TIMELINE PERTAINING TO
MEDICAL DEBT.**



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FICO 9

In April of 2014 Fair Isaac Corp., or FICO, announced the release of its latest scoring model: FICO 9.

The new model disregards paid collection agency accounts and differentiates medical from non-medical debt.

It was built to ensure that medical debt would have a lower impact on consumer credit scores, and is meant to weight medical debt less commensurate with its presumed risk.

Under the new model, those consumers with only medical debt on their records are expected to see an average score increase of about 25 points.

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NATIONAL CONSUMER ASSISTANCE PLAN

In March of 2015 the National Consumer Assistance Plan was developed by Experian, Equifax, and TransUnion in cooperation with New York Attorney General Eric Schneiderman following an investigation into consistent complaints filed by New York residents regarding erroneous reports, identity theft, and fraud.

It was drafted for use in New York, but since that time 31 other states have joined the initiative, and changes within the bureaus could affect consumers nationwide.

The plan focuses on enhancements in two primary areas: consumer interaction with national credit reporting agencies and data accuracy and quality.

Sources: ACA International (March 9, 2015). Major credit Reporting Agencies Announce Changes to Credit Reporting. Retrieved from <http://www.acainternational.org/news/major-credit-reporting-agencies-announce-changes-to-credit-reporting>; Office of Attorney General Eric T. Schneiderman (March 9, 2015). A.G. Schneiderman Announces Groundbreaking Consumer Protection Settlement With Three National Credit Reporting Agencies. Retrieved from <https://ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-consumer-protection-settlement-three-national>

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NATIONAL CONSUMER ASSISTANCE PLAN

The two most notable changes affecting the healthcare industry include:

180 Day Waiting Period for Reporting Medical Debt | As of September 15, 2017 collection agencies will no longer be able to report medical debt collection accounts less than 180 days old. This waiting period is meant to provide additional time to resolve delinquencies resulting from disputes or delays on the part of third-party payers.

Removal of Paid Medical Debts | As of September 15, 2017 credit reporting agencies will be required to remove all medical debts from a consumer's credit report that have been, or are being paid, by insurance.

Sources: ACA International (March 9, 2015). Major credit Reporting Agencies Announce Changes to Credit Reporting. Retrieved from <http://www.acainternational.org/news/major-credit-reporting-agencies-announce-changes-to-credit-reporting>; Office of Attorney General Eric T. Schneiderman (March 9, 2015). A.G. Schneiderman Announces Groundbreaking Consumer Protection Settlement With Three National Credit Reporting Agencies. Retrieved from <https://ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-consumer-protection-settlement-three-national>

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3 THE REQUIREMENTS

Duties of a Data Furnisher

If your practice or your third-party medical collection agency does report to a credit bureau, you have legal obligations under the Fair Credit Reporting Act's Furnisher Rule.

These responsibilities include furnishing information that is accurate and complete, and investigating consumer disputes about the accuracy of the information you provide.

With data furnisher regulations becoming increasingly stringent it is more important than ever to develop a great relationship with your third-party medical debt collection agency to ensure that all information is kept up to date, including the posting of payments or changes to demographic information.

ACCURACY

- Your practice must establish and implement written policies and procedures regarding the accuracy and integrity of the information you furnish to a reporting agency. These must ensure that all information provided to a reporting agency is for the right person, and reflects the terms of the account and the consumer's performance on the account. They must also prevent duplicative reporting and require updates to furnished information when necessary.

Source: Federal Trade Commission (November 2016).
Consumer Reports: What Information Furnishers
Need to Know. Retrieved from
[https://www.ftc.gov/tips-
advice/businesscenter/guidance/consumer-
reports-what-information-furnishers-need-know](https://www.ftc.gov/tips-advice/businesscenter/guidance/consumer-reports-what-information-furnishers-need-know)

ACCURACY

- The information you provide should be substantiated by your records when it is furnished, should include identifiers (such as name, date of birth, SSN, telephone number and/or address) and specify the time period it pertains to.
- When you refer an account for collection and notify a reporting agency, you must also report the date of delinquency within 90 days.
- You must also notify each reporting agency that you are a medical provider to help them comply with their FCRA duties with regard to the reporting of medical information.

In the case of a patient dispute, you must complete the following dispute resolution process within 30 days after the reporting agency gets the dispute from the consumer.

DISPUTES


- Consumers can dispute information you furnish by either submitting the dispute to the reporting agency or directly to you. Once a patient disputes information you may not report that information to a reporting agency without telling them that the information is in dispute.

If a patient initiates a dispute you must:


- Investigate the dispute and review all relevant information provided by the reporting agency,
- Report your findings to the reporting agency,
- Provide corrected information to every reporting agency that received the information if your investigation shows that it was inaccurate or incomplete, and
- Modify the information, delete it, or permanently block its reporting if it turns out to be inaccurate, incomplete, or can't be verified.

THE DECISION

Is Credit Reporting Right For You?

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Whether to credit bureau report your patients' overdue medical debt is a business decision that must be made by the management within your healthcare organization.



MANY AGENCIES WILL TELL YOU THAT EXPERIENCE SHOWS THAT PRACTICES THAT DO CREDIT REPORT ARE MORE LIKELY TO RECOVER MORE OF THEIR PAST DUE BALANCES, AND TO RECEIVE MORE PAYMENTS ON TIME, THAN THOSE THAT DO NOT.

If your practice does report, use this guide as a tool to better understand the process so that you can educate your patients if needed. Providing them with the information they need and helping them to make good financial decisions will help to maintain your relationship.



BE A RESOURCE

Get answers to all of your credit reporting questions, direct from the source.

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Experian | www.Experian.com

Equifax | www.Equifax.com

TransUnion | www.TransUnion.com

Federal law allows consumers to get a free copy of their credit report every 12 months.

Help patients find their own free credit report at **AnnualCreditReport.com**

**IF YOU HAVE
QUESTIONS,
PLEASE LET US
KNOW!**

Receivables Management Partners (RMP) is a financial services firm that enables leading healthcare providers to focus on patients instead of payments. Known for its innovative culture and compassionate approach to collections, RMP has grown to over 520 people in nine offices across the U.S. The company proudly serves over 200 hospitals and more than 30,000 physicians nationwide.



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