Medical Debt Malpractice

Consumer Complaints About Medical Debt Collectors, and How the CFPB Can Help

U.S. PIRG
Education Fund

FRONTIER GROUP

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Executive Summary

Millions of Americans are contacted by debt collectors every year over debt related to medical expenses.

Medical debt collectors often employ aggressive tactics and attempt to collect debt from the wrong customers – putting consumers' credit records at risk. Medical debt accounts for more than half of all collection items that appear on consumer credit reports. A review of 17,701 medical debt collection complaints submitted to the Consumer Financial Protection Bureau (CFPB) shows that problems with medical debt collection are widespread and harm Americans across the country.

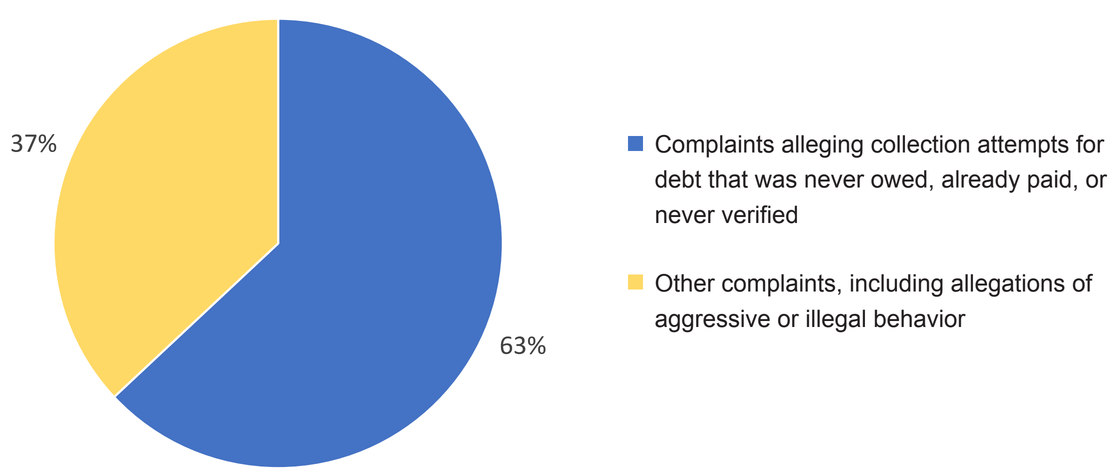
Complaints submitted to the CFPB suggest that many consumers contacted about medical debt should not have been contacted in the first place, and that many contacts involve aggressive or inappropriate tactics.

- Nearly two-thirds (63%) of complaints about medical debt collection assert either that the debt was never owed in the first place, it was already paid or discharged in bankruptcy, or it was not verified as the consumer's debt.

- Many complaints document inappropriate and aggressive tactics including frequent or repeated calls, calls harassing friends and family, threats of legal action, or the use of abusive language.

- Although impacts on credit reports are not categorized by the CFPB, they appear to be

Figure ES-1. Most Complaints Concern Attempts to Collect Debt of Questionable Legitimacy (Debt Consumers Believe Was Already Paid, Never Owed, or Not Verified)



a significant source of complaints: 1,810 complaint narratives, or 35 percent of medical debt collection complaints contained in the database, contain the text “credit report.”

A small number of companies are the subject of a disproportionate amount of total complaints.

- Just 10 companies account for more than 20 percent of all complaints.

- Tenet HealthCare, which ranks third for most medical complaints, was penalized in the CFPB’s largest enforcement action for illegal medical debt collection behavior.

Nevada has the most medical debt collection complaints per capita, with 11.4 complaints per 100,000 residents. Florida (9.3), Delaware (9.0), Georgia (7.7) and New Jersey (7.4) have the next highest rates of complaints per capita.

Medical debt collection affects a broad swath of the population and subjects millions of consumers to undue stress and financial harm. State and federal policymakers should work to protect consumers from unfair treatment by medical debt collectors. They should stop attempts to collect debts without proper information and documentation about the debt, stop debt collectors from bringing robo-signed cases in court, crack down on widespread use of threats, harassment and embarrassment in debt collection, and protect consumers from having their credit records unfairly affected by medical debt, among other actions.

Federal policymakers should also defend the CFPB against attempts to eliminate or cripple it, and should continue to ensure the CFPB has the resources, independence and tools at its disposal to effectively protect consumers from all kinds of predatory financial behavior.

Introduction

For many Americans, when the physical pain of medical treatment is over, the emotional pain inflicted by unscrupulous medical debt collection practices begins.

The pain even extends to those who have paid their medical bills in full or never owed them to begin with, but must still work to clear their names and their credit reports of debt that collectors mistakenly believe they owe.

Each year, thousands of consumers complain about unfair or abusive medical debt collection practices to the Consumer Financial Protection Bureau (CFPB), the federal agency created to protect consumers in the wake of the 2008 financial crisis.

The complaints detail a litany of mistreatment. Incessant robocalls. Veterans with health problems unable to get collectors to leave them alone. Credit scores harmed by medical debt that was never owed in the first place. Threats of arrest. Harassment of friends and family. Impersonation of lawyers and doctors.

These stories are all the more troubling because of the circumstances behind them. Most consumers facing medical debt have little choice but to incur it if they want to protect their health. Medical billing is extraordinarily complex, increasing the chances of consumers having to deal with higher-than-expected costs or mysterious bills. And, in many cases, consumers may be pursued for debts they do not owe, simply because a payment was incorrectly entered into a billing system, an insurance company glitch delayed payment to the provider, or a name was misspelled when debt was sold to a debt buyer.

Understanding the frequency and severity of damaging medical debt collection practices is essential if public officials are to take the actions necessary to protect the public. The CFPB's Consumer Complaints Database ensures that consumers' stories of abusive medical debt collection practices can be heard – the first step toward protecting other consumers from experiencing the same problems. In this report, we take a closer look at the complaints about medical debt collection reported to the CFPB in order to shine a light on medical debt collection practices, their impact on consumers, and the role the CFPB can play in protecting American consumers.

Medical Debt Collection Is a Source of Pain for American Consumers

What Is the Medical Debt Collection Industry?

Health care in the U.S. is both expensive and complex, and one result is that many patients have unpaid medical bills, or problems paying their bills. A *New York Times* survey from January 2016 found that one in four U.S. adults said they or someone in their household had problems paying medical bills in the last 12 months.[1]

To collect debts that internal billing departments have been unable to recover, many hospitals and health care providers will turn to a debt collection agency (or debt collection law firm) to seek payment. Companies that collect debt for medical bills are part of a larger debt collection industry, which collects money for debts of all kinds – credit cards, mortgages, bank loans and more. Some companies specialize in collecting medical debt, while others collect medical debt alongside other kinds of debt. As of 2012, there were approximately 6,000 debt collection companies in the United States.[2] A January 2017 CFPB survey found that one in three consumers with a credit record reported being contacted by at least one creditor or debt collector in the past year.[3]

Some health care providers will also sell their debt at a discounted price to a debt buyer. Debt buyers purchase debt from creditors at cents on the dollar, and then pursue payment of the debt themselves or through another collection agency.[4] Debt buyers can create additional complications for consumers, since they often do not acquire information about debts that can make it easier for consumers to verify whether the debt is theirs, whether it has been disputed in the past, and how much of the debt is in the form of principal, interest and fees.[5]

Medical debt is one of the most prevalent types of debt dealt with by the debt collection industry. In 2013, medical debt accounted for 38 percent of debt collected by the industry.[6] According to a 2013 Federal Trade Commission analysis of nine major debt buyers, 28 percent of debt accounts purchased were medical debt, second only to credit card debt.[7] And according to the Consumer Financial Protection Bureau (CFPB), medical debt is the leading cause of being contacted by debt collectors.[8]

Medical Debt Collection Affects Millions of Americans, Including Those Who Do Not Owe

Medical debt collection affects a large number of Americans. Based on survey results from a January 2017 CFPB study, more than 40 million Americans are contacted about debt related to medical expenses each year.[9] That amounts to nearly one in eight Americans.

For consumers that legitimately owe money for medical procedures, and may be ill or recovering from an illness, these medical debt collection contacts can be stressful and time consuming. Yet medical debt collection does not only impact consumers with legitimate medical debt.

Evidence suggests debt collection companies often attempt to collect from people who do not owe or whose debt was wrongly recorded. The 2017 CFPB survey found that 53 percent of consumers that had been contacted about any kind of debt in the past year believed they either did not owe the debt, were being contacted about the wrong amount, or were being contacted about a family member's debt.[10]

Aggressive Tactics Include Threats and Job Disruption

A debt collector's job is to convince a consumer to pay the amount that the collector believes they owe, and some debt collectors will resort to extreme behavior in order to convince someone to pay on their debts.

Tactics employed by medical debt collectors – some of which are always illegal, and others of which are illegal under certain circumstances – include:

- Incessant calling. According to the 2017 CFPB survey, more than a third of consumers contacted about a debt in collection said they were contacted at least four times per week, and only one in four consumers who asked the collector to stop calling reported that the calls actually stopped.

- Posing as someone else, including police, lawyers or hospital staff.[11]

- Making threats, including of arrest, bodily harm or publicizing debt.[12]

- Contacting places of business and family members, potentially embarrassing the debtor, or causing workplace problems.

- Filing lawsuits against consumers whose debts are not verifiable or enforceable. In a case that the CFPB brought against two of the nation's largest debt buying companies, an investigation found that the companies "filed lawsuits against consumers without having the intent to prove many of the debts, winning the vast majority of the lawsuits by default when consumers failed to defend themselves."[13]

- Collecting "zombie" debt. Zombie debt is debt that has passed its statute of limitations, meaning debtors can no longer be sued for it. This period of time depends on the state, but typically ranges between three and 10 years.[14] However, if collectors can convince or trick debtors to make even a token payment on zombie debt, then its statute of limitations may be restarted, making it legal to sue the consumer.

These aggressive tactics can result not just in stress or disruption for consumers, but also in consumers paying debts that they do not owe as a result of confusion or pressure.[15] Consumers also may spend time and money disputing debts, or defending against legal action.[16]

Most harassment and aggressive tactics are banned under the 1977 Fair Debt Collection Practices Act (FDCPA). The FDCPA prohibits debt collectors from:

- Making contact at times or places known to be inconvenient; debt collectors must assume that contact before 8 AM and after 9 PM is inconvenient.

- Contacting most other people about your debt. Debt collectors can call up people you know, but only to find out contact information, and cannot say anything about your debt.

- Contacting you after you've told them to stop.

- Harassment, including making threats, publishing public lists of debts, using obscene or profane language, or intentionally annoying debtors with phone calls.

- Making false statements, including pretending to be an attorney or law enforcement official, misrepresenting the amount owed, or claiming that the debtor will be arrested if they don't pay.

The FDCPA also requires collectors to provide verification of debt if the consumer requests it.

Debt collection companies are routinely found to be violating debt collection law. As of February 2017, 139 debt collectors – including medical debt collectors – had been banned from further debt collection by the Federal Trade Commission.[17]

Inaccurate and Unfair Credit Reporting Can Harm Consumers' Financial Health

Credit reports and scores play an important role in a consumer's financial life and the functioning of the overall economy. For creditors, they provide a fast and convenient method to supposedly assess the risk of lending to an individual.[18] For consumers, a bad credit score can mean paying higher interest rates on loans for houses, cars or other purposes, or a higher insurance rate. A bad credit report can also result in a consumer losing out on apartments and job opportunities, or even being fired.[19] Therefore, it is important that the collection items that are reflected on a credit report are accurate and fair.

Medical debt accounts for more than half of all collection items that appear on consumer credit reports.[20] More than 40 million Americans have medical debt on their credit reports.[21] Yet these medical debt items can be inaccurate, and also may not be a fair way of assessing credit worthiness.

Medical debt on credit reports may often be inaccurate. Credit reports in general often contain inaccuracies. A 2013 FTC study reviewed credit reports for 1,001 consumers; in the study one in four consumers identified credit report errors, one in five had a credit report modified after disputing an error, and one in 20 had errors serious enough to be denied credit or be forced to pay more.[22] Inaccuracies can be introduced in a number of ways, including when creditors or collection agencies provide inaccurate information to a credit reporting agency, and there is more chance for error when debt is bought and sold multiple times.[23] The complexities of medical payments introduce additional chances for inaccurate reporting; for example, debt can appear on an individual's credit report even when the insurer, not the consumer, was responsible for payment. The CFPB reports that "[a]mong consumers who have submitted complaints to the Bureau about debt collection problems, medical collections complaints are much more likely to be about the existence, amount, or information pertaining to the debt than non-medical collections complaints."[24]

With medical debt, the high volume of small collection items may increase the opportunity for error. Medical collection items on credit reports tend to be for small amounts of debt, with a median of $207, compared to $366 for nonmedical items.[25] Even small debts have large impacts on credit scores. The Fair Isaac Corporation (FICO), which creates the most widely used method for calculating credit scores, reported that the appearance of any collection item of more than $100 on a credit report will reduce a credit score of 680 by over 40 points and a score of 780 by over 100 points.[26]

Medical debt can impact the credit scores of people who are otherwise responsible debtors. In addition to the complexity of medical billing, many medical procedures are unavoidable or necessary for treating sickness or pain, and the resulting debt does not reflect a consumer's propensity for living beyond his or her means. About half of consumers with medical debt on their credit report have otherwise "clean" credit reports, with no other record of serious delinquencies.[27] As a result, medical debt is a less useful predictor of future defaults or serious delinquency than other types of debt, according to a study by the CFPB.[28]

In 2015, consumers received some new protections from medical debt harming their credit as a result of two settlements between state attorneys general and the nation's three leading credit reporting agencies: Experian, Equifax and TransUnion. Under the settlements, the credit agencies must wait 180 days from the date of the first delinquency before adding medical debt to a consumer's credit report.[29] They also must remove any debt from a consumer's credit report that has been paid by insurance, and must maintain and report information about companies that routinely supply inaccurate collection information.[30]

In 2014, FICO updated its scoring methodology to weight medical debt less heavily than non-medical debt and to not consider paid collection items, whether medical or not.[31] The first change reflects FICO's finding that unpaid medical debt is less predictive of future defaults than unpaid non-medical debt.[32] The other major credit scoring company, VantageScore – which was created by the major credit bureaus – also does not factor paid collections into its credit score calculation.[33]

The CFPB Protects Consumers from Abusive Medical Debt Collection

Since its creation in the wake of the 2008 financial crisis, the CFPB has delivered on its stated mission to "protect consumers from unfair, deceptive, or abusive practices and take action against companies that break the law."[34] Since it began operations in 2011, the CFPB has:

- Provided nearly $12 billion in relief for more than 29 million consumers;[35]
- Protected Americans including service members, older Americans and students from tricks and traps in the financial marketplace. The CFPB's successes include providing $2.5 million in relief to service members after taking action against a company for illegal debt collection actions, and providing $480 million to students wronged by a for-profit chain of colleges.[36] In September 2016, the CFPB fined Wells Fargo $100 million for secretly setting up more than 2 million fake consumer accounts.[37]
- Created new final rules to protect consumers, including a rule to simplify mortgage disclosures, replacing four complicated disclosure forms with two easy-to-read ones.[38] Its most recent rule from October 2016 covers the previously largely unregulated prepaid card space.[39]

The CFPB has also taken specific actions to protect Americans from unfair medical debt collection. In June 2015, the CFPB took action against the medical debt collection company Syndicated Office Systems for "for mishandling consumer credit reporting disputes and preventing consumers from exercising important debt collection rights." The parent company of Syndicated Office Systems, Tenet Healthcare Corporation, has received the third most medical debt collection complaints of any company (see section "10 Companies Account for 20 Percent of All Medical Debt Collection Complaints"). The CFPB's investigation found that the company "failed to respond to more than 13,000 consumer credit report disputes within the 30-day timeframe required by law."[40] The company also "failed to send debt validation notices to more than 10,000 consumers. During this time, the company continued to collect over $2 million from consumers who did not receive the notices."[41] The CFPB ordered the company to provide $5.4 million in relief to harmed consumers and pay a $500,000 penalty, along with correcting its business practices.[42]

In 2017, the CFPB took action against Works and Lentz, Inc., and Works and Lentz of Tulsa, Inc., two debt collection law firms specializing in medical debt, both run by the same president.[43] These law firms were found to have, on multiple occasions, falsely implied that a lawyer was involved with collection efforts.[44] The CFPB ordered the companies to "provide $577,135 in relief to harmed consumers, correct their business practices, and pay a $78,800 penalty."[45]

In addition, the CFPB has worked to protect consumers from the broader debt collection industry. The CFPB has taken actions against at least 29 different companies for illegal debt collection and debt buying practices.[46] The CFPB has published extensive research on debt collection, including a January 2017 consumer survey, and a study of medical and non-medical debt collection impacts on credit reports.[47] The CFPB is engaged in a rulemaking process to develop rules to protect consumers from exploitative debt collection practices, including rules to limit excessive communications, and to require straightforward debt collection mailings with tear-offs to allow easy dispute filings and debt payments. The CFPB has issued an outline of a proposal and is currently developing detailed proposed rules.[48]

CFPB Complaint Data Spotlight Consumer Harm Caused by Medical Debt Collection

The CFPB allows consumers to submit complaints stemming from their interactions with financial companies and makes complaint data available online for analysis by the public. These complaints provide valuable insight into the experiences of consumers dealing with medical debt collection.

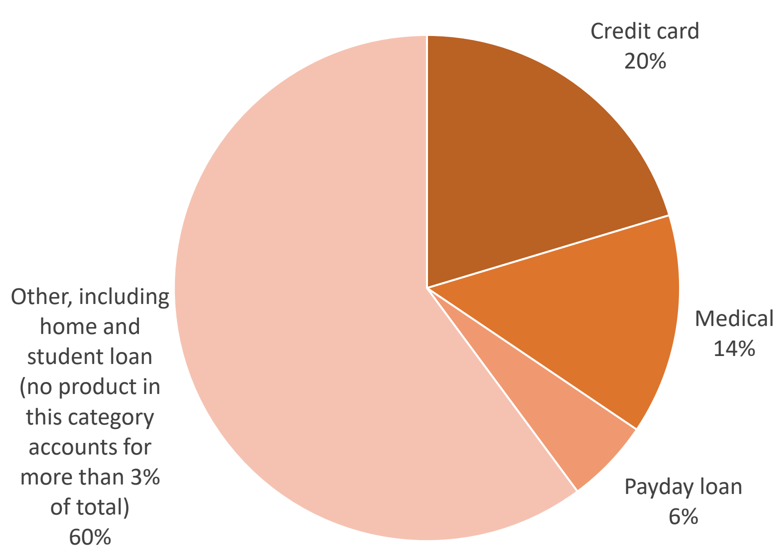
Medical Debt Collection Is a Leading Source of Consumer Complaints

Since July 2013, the CFPB has collected consumer complaints about debt collection, both medical and otherwise.[49] Since then, debt collection has been the leading source of complaints, and today accounts for more than one quarter of all submitted complaints.[50]

Complaints related to medical debt are the second-leading specific cause of debt collection complaints after credit cards.[51] The consumer complaint database, as of March 2, 2017, contained 17,701 medical debt collection complaints, accounting for 14 percent of all debt collection complaints.[52]

Medical debt complaints are on the rise, both in terms of complaints submitted and as a percentage of total complaints. The number of medical debt complaints submitted to the CFPB increased by 29 percent from 2014 to 2016, from 4,484 to 5,785 complaints. Over that same period of time the total number of complaints submitted to the CFPB increased by 8 percent.

Figure 1. Debt Collection Complaints by Sub-Product[53]



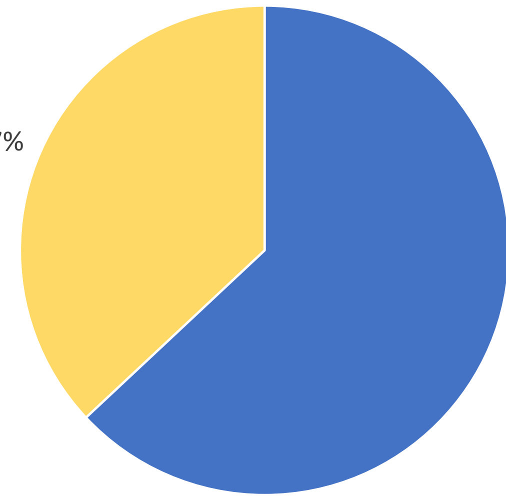
Most Medical Debt Complaints Involve Debt That Was Already Paid, Never Owed, or Not Verified

Table 1 (below) provides a full breakdown of medical debt complaints based on the issue and sub-issue categorizations used by the CFPB. The issue category with the most complaints is "Continued attempts to collect debt not owed," with 48 percent of all complaints. The five sub-issue categories with the most complaints are

Table 1: Breakdown of Medical Debt Collection Complaints by Issue and Sub-Issue[54]

Issue	Sub-Issue	Complaints	Percentage of Total
Communication tactics	Called after sent written cease of communication	146	0.8%
	Called outside of 8am-9pm	73	0.4%
	Frequent or repeated calls	973	5.5%
	Threatened to take legal action	439	2.5%
	Used obscene/profane/abusive language	351	2.0%
	Subtotal	**1,982**	**11.2%**
Continued attempts to collect debt not	Debt is not mine	4,209	23.8%
	Debt resulted from identity theft	390	2.2%
	Debt was discharged in bankruptcy	224	1.3%
	Debt was paid	3,696	20.9%
	Subtotal	**8,519**	**48.1%**
Disclosure verification of debt	Not disclosed as an attempt to collect	379	2.1%
	Not given enough info to verify debt	2,637	14.9%
	Right to dispute notice not received	1,416	8.0%
	Subtotal	**4,432**	**25.0%**
False statements or representation	Attempted to collect wrong amount	1,295	7.3%
	Impersonated an attorney or official	57	0.3%
	Indicated committed crime not paying	90	0.5%
	Indicated shouldn't respond to lawsuit	34	0.2%
	Subtotal	**1,476**	**8.3%**
Improper contact or sharing of info	Contacted employer after asked not to	144	0.8%
	Contacted me after I asked not to	198	1.1
	Contacted me instead of my attorney	30	0.2%
	Talked to a third party about my debt	535	3.0%
	Subtotal	**907**	**5.1%**
Taking/ threatening an illegal action	Attempted to/Collected exempt funds	78	0.4%
	Seized/Attempted to seize property	40	0.2%
	Sued without proper notification of suit	81	0.5%
	Sued where didn't live/sign for debt	27	0.2%
	Threatened arrest/jail if do not pay	63	0.4%
	Threatened to sue on too old debt	96	0.5%
	Subtotal	**385**	**2.2%**
	Grand Total	**17,701**	**100%**

Figure 2. Most Complaints Concern Attempts to Collect Debt of Questionable Legitimacy (Debt Consumers Believe Was Already Paid, Never Owed, or Not Verified) [57]



"Debt is not mine" (24 percent of complaints), "Debt was paid" (21 percent), "Not given enough info to verify debt" (15 percent), "Right to dispute notice not received" (8 percent), and "Attempted to collect wrong amount" (7 percent).

Most complaints can be sorted into two broad categories: complaints alleging collection attempts for debt whose legitimacy is questioned by the consumer; and complaints alleging aggressive or illegal tactics in the collection of debt. For the purpose of this analysis, these broad categories were distilled from the categories used by the CFPB.[55]

The majority of medical debt complaints – 63 percent – relate to attempts to collect debt of questionable legitimacy: debt that a consumer claims they do not owe, has already paid or was discharged in bankruptcy, or else debt for which the consumer was not provided with enough information to verify its legitimacy.[56]

Table 2. Five Companies with Most Medical Debt Collection Complaints[58]

Company	Complaints	Percentage of All Medical Debt Collection Complaints
Transworld Systems Inc.	650	3.7%
Commonwealth Financial Systems, Inc.	595	3.4%
Tenet HealthCare Corporation	460	2.6%
Expert Global Solutions, Inc.	417	2.4%
CMRE Financial Services, Inc.	389	2.2%

10 Companies Account for 20 Percent of All Medical Debt Collection Complaints

Medical debt complaints submitted to the CFPB's Consumer Complaint Database involve 1,093 different companies. Just 10 companies account for more than 20 percent of all complaints.

The companies that saw the most complaints for medical debt collection related issues were Transworld Systems Inc., Commonwealth Financial Systems, Inc., Tenet HealthCare Corporation, Expert Global Solutions, Inc., and CMRE Financial Services, Inc. (See Table 2.)

Tenet HealthCare, which ranks third for most medical debt collection complaints, was also the subject of the CFPB's largest enforcement action for illegal medical debt collection practices. As noted previously, the CFPB ordered Tenet HealthCare to provide $5.4 million in relief to harmed consumers and pay a $500,000 penalty for violations including failure to provide validation of debt to many consumers.

Nevada Has the Most Medical Debt Collection Complaints Per Capita

Most of the complaints submitted to the CFPB contain information on the state where the complaint was filed. An analysis of state complaint information reveals that Nevada has the most medical debt collection complaints per capita, with 11.4 complaints per 100,000 residents. Florida (9.3), Delaware (9.0), Georgia (7.7) and New Jersey (7.4) are the states with the next highest rates of complaints per capita.

Figure 3. Medical Debt Collection Complaints per Capita by State[59]

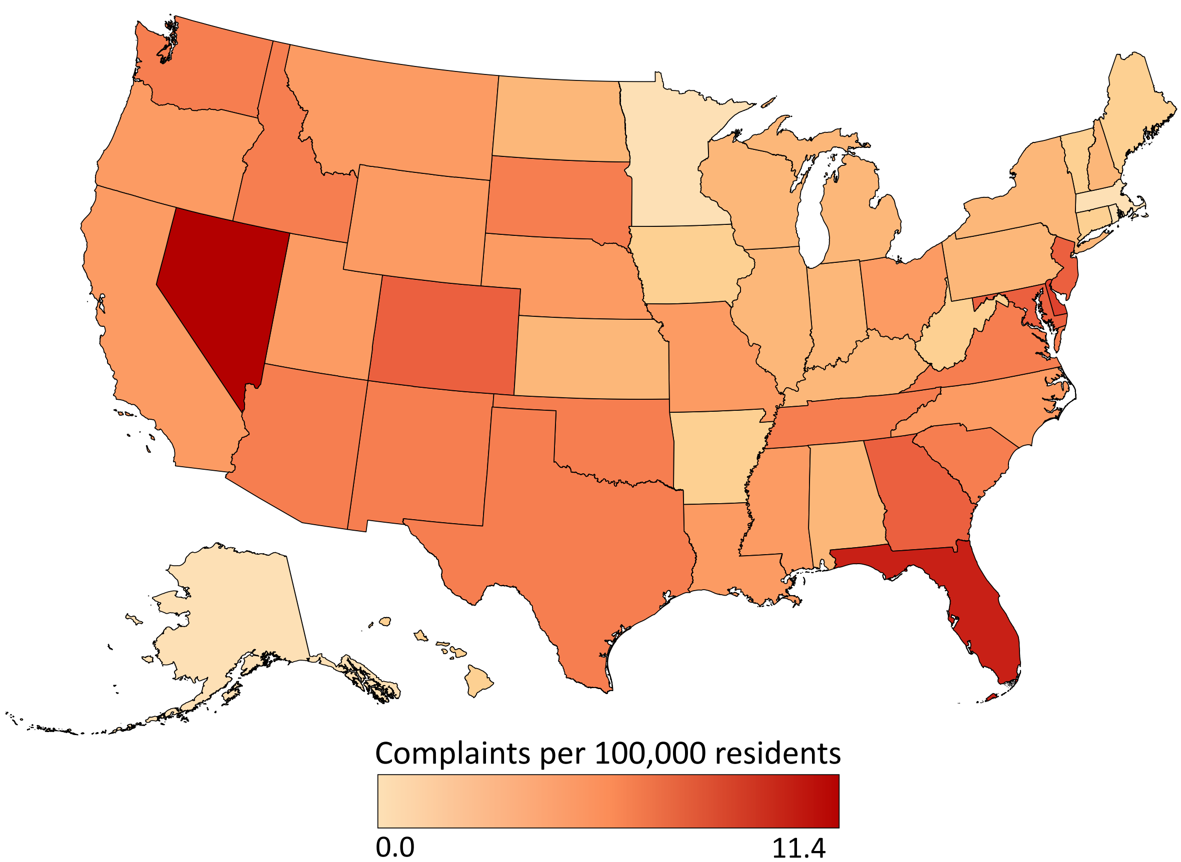


Table 3. Medical Debt Collection Complaints per Capita, and Most-Complained-About Company, by State[60]

State	Complaints	Complaints Per 100,000 Residents	Per Capita Rank	Most Complained-About Company (In-state company complaints)
AK	16	2.2	47	Health Services Asset Management, LLC (2)
AL	207	4.3	34	Franklin Collection Service, Inc. (28)
AR	90	3.0	42	Professional Credit Management, Inc. (9)
AZ	439	6.3	11	Medical Society Business Services, Inc. (44)
CA	2,174	5.5	19	CMRE Financial Services, Inc. (238)
CO	397	7.2	7	Wakefield & Associates, Inc. (76)
CT	111	3.1	41	American Adjustment Bureau, Inc. (26)
DE	86	9.0	3	BYL Collection Services (18)
FL	1,917	9.3	2	Commonwealth Financial Systems, Inc. (110)
GA	791	7.7	4	Tenet HealthCare Corporation (65)
HI	40	2.8	43	Aargon Agency, Inc. (4)
IA	87	2.8	44	Avadyne Health Holdings, Inc. (12)
ID	104	6.2	14	Alorica Inc. (15)
IL	577	4.5	30	Medical Business Bureau (27)
IN	287	4.3	33	Receivables Management Partners, LLC (37)
KS	118	4.1	35	Central States Recovery, Inc. (14)
KY	198	4.5	31	GLA Collection Company, Inc. (60)
LA	230	4.9	25	Receivable Recovery Services, LLC (26)
MA	140	2.1	48	Expert Global Solutions, Inc. (12)
MD	446	7.4	6	Transworld Systems Inc. (42)
ME	43	3.2	40	The Thomas Agency, Inc. (27)
MI	369	3.7	38	Receivables Management Partners, LLC (65)
MN	92	1.7	49	American Accounts & Advisers Inc. (15)
MO	306	5.0	23	Transworld Systems Inc. (25)
MS	156	5.2	21	Healthcare Financial Services, LLC (25)

(Table continued on next page.)

Consumer Narratives Detail Harmed Credit Reports, Harassment and More

Many complaints in the CFPB's Consumer Complaint Database are published with consumers' firsthand accounts of their experiences with financial companies, or "consumer complaint narratives." The narratives detailed below provide a closer look at the experiences of consumers that deal with medical debt collection.

Although the CFPB does not verify the assertions contained in complaints, the CFPB does take steps to confirm a commercial relationship between the consumer and the company.[61]

Unfair collection items on credit reports

Although impacts on credit reports are not categorized by the CFPB, they appear to be a significant source of complaints: 1,810 complaint narratives, or 35 percent of medical debt collections

Table 3. (Continued)

State	Complaints	Complaints Per 100,000 Residents	Per Capita Rank	Most Complained-About Company (In-state company complaints)
MT	53	5.1	22	Centron Services (11)
NC	478	4.7	28	Optimum Outcomes, Inc. (71)
ND	28	3.7	39	AR Audit Services, Inc. (8)
NE	94	4.9	24	General Service Bureau, Inc. (13)
NH	52	3.9	36	Gragil Associates, Inc. (5)
NJ	665	7.4	5	Senex Services Corp. (49)
NM	129	6.2	13	Tormey Bewley Corporation (31)
NV	336	11.4	1	Clark County Collection Service (40)
NY	737	3.7	37	Transworld Systems Inc. (42)
OH	562	4.8	26	Meade & Associates, Inc. (41)
OK	236	6.0	15	Works & Lentz of Tulsa, Inc. (20)
OR	230	5.6	18	Ray Klein, Inc. (48)
PA	580	4.5	29	NRA Group, LLC (45)
RI	17	1.6	50	Peter Roberts & Associates, Inc. (3)
SC	310	6.2	12	Medical Data Systems, Inc. (20)
SD	58	6.7	8	Credico, Inc. (18)
TN	426	6.4	9	Revenue Recovery Corporation (45)
TX	1,660	6.0	16	Commonwealth Financial Systems, Inc. (115)
UT	144	4.7	27	Mountain Land Collections, Inc. (30)
VA	537	6.4	10	Suburban Credit Corporation (36)
VT	16	2.6	45	Gragil Associates, Inc. (6)
WA	423	5.8	17	Renton Collections Inc. (37)
WI	257	4.4	32	AmeriCollect (61)
WV	45	2.5	46	Credit Collections U.S.A., LLC (5)
WY	31	5.3	20	Credit Bureau of Carbon County (5)

complaints containted in the database, contain the text “credit report.” Many narratives allege instances of credit reports affected by debt that was never reported, already paid, or never existed.

One consumer found debt on their credit report despite the fact that the health care provider confirmed that there were no payments owed.[62] The consumer reported having asked the company that had placed the debt, Puget Sound Collections, to remove the item from their credit report, but “they refused multiple times.” According to the complaint, “Puget Sound Collections has told me, in no uncertain terms, that I must pay them without verification of the debt before they will remove any negative remarks.”

Another consumer reported having found debt on their credit report from a medical bill that was never owed, and was placed there by a company that was impossible to locate.[63] After finding a $7 debt appearing on his or her credit report, with no prior communication about the debt, the consumer wrote "I looked for the collection company on line, but it is as though it doesn't exist… How am I to clear up my credit report if this company doesn't exist, but they have reported that I owe a debt that I have no explanation for?"

Attempts to collect debt not owed

As detailed previously in this report, most medical debt collection complaints concern debt that consumers believe was already paid, never owed, or not verified. A number of complaint narratives detail encounters with debt collectors in these circumstances.

Healthcare payments are complex, often involving billing departments, insurance companies and extensive paperwork. This complexity seems to be behind some consumer debt being wrongfully sent to collection agencies. One consumer from Texas reported: "The doctor's billing department has informed me that they erred in submitting the payment to collection" and requested the collection agency to remove the charge from the consumer's credit report – one month later, the item was still reported.[64] Another consumer simply wrote: "Insurance company paid the debt. I have not been without medical coverage for a very long time."[65]

One consumer was harassed over a bill belonging to another individual with the same name.[66] After receiving phone calls from the company Affiliated Collection Services, including a threat of legal action, the consumer called the hospital responsible for the charge, only to discover that "I had the same name as the individual whom the charge belonged but different birthdays and social security numbers." Despite receiving assurances that the debt was taken care of, the consumer later found this debt reported as a credit report collection item.

Nearly 400 complaints contained in the database detail medical debt collection related to identity theft, including some accounts of debt collection companies that continue to pursue debt from identity theft victims. A World Privacy Forum report from 2006 estimated that between 250,000 and 500,000 people are victims of medical identity theft each year.[67] One consumer wrote that, after filing a police report on identity theft committed against them, "the debt collection company still refuses to remove the debt from my credit report. I also requested a copy of the bill with signature but the debt company refused."[68]

Harassment, threats and false statements

Nearly one in five medical debt complaints contained in the consumer complaint database concern inappropriate or aggressive tactics employed by debt collection companies.[69] These include frequent calls, contact after a request to stop, impersonation of attorneys, and threats of arrest. Complaint narratives shed light on some of these encounters.

Incessant communication by debt collectors with the intent to annoy or harass is illegal. Many consumer narratives detail this type of behavior. One complaint asserts that a collection company called every day, often three to four times per day.[70] When the consumer asked for the calls to stop, the company claimed "they are in their right by law to make repeated calls [until] debt is collected." When the consumer asked if they could stop the calls via a written request, the consumer wrote "I was told yes but then I would be sued immediately."

A number of complaints assert other kinds of threatening and harassing behavior.
One complaint submitted from Florida in 2016 alleges harassment of family members.[71] The consumer wrote "I talked to a man who was rude and yelling at me and threatening to take legal action." The agent later called the consumer's sister and father, "harassing them on the phone" while never stating what company he was from, and asking the family members for personal information. A similar complaint, from Washington State, asserts that a debt collection company called the elderly mother of the consumer's boyfriend.[72] The same complaint alleges the company provided the consumer with false information and used abusive language.

A consumer from Indiana, in a complaint from November 2016, claims that they were threatened with arrest.[73] The complaint claims that the collection company, American Financial Credit Services, Inc., was asked for debt verification but could not provide any; afterwards, they made "harassing calls towards me in the evening and stated that they would have me arrested if a payment was not made."

Another consumer alleges that the company Radius Global Solutions threatened to "ruin my credit" over a $100 balance.[74] The complaint states that the balance was from a worker's compensation claim that was in the progress of being paid by an insurance company, yet the collection company "keeps insisting it's my debt" and "continues to harass me all the time."

Other complaints detail incidents in which debt collectors impersonated an attorney or other official. As noted previously, the CFPB took action against medical debt collection law firms in early 2017 for falsely implying that lawyers were involved with cases. In a complaint from 2015, an Oregon consumer wrote that they were on the phone with a collection company and asked to be transferred to the company's legal department.[75] After a staff person there claimed to be a lawyer, the consumer writes "I checked the Oregon State Bar 's member directory - no one of that name is licensed in Oregon."

Another consumer, from Washington State, received a call at work from someone claiming they were a doctor calling regarding an emergency medical situation.[76] The consumer writes that, after leaving work to take the call, the caller revealed themselves as a representative of Renton Collections, and was calling to collect medical debt.

Recommendations

The often aggressive and unsavory actions of many debt collectors have been widely reported for many years. When it comes to medical debt, the impact of these actions can be amplified because of the complexity of medical payments, and because many of the consumers affected are unwell or recently out of the hospital.

CFPB director Richard Cordray often refers to both debt collection and consumer credit reporting as "dead-end markets." You can choose your bank and vote with your feet if you are not happy; but because credit reporting and debt collection do not function as markets, greater oversight is needed.[77]

The complaints contained in the CFPB's consumer complaint database suggest that debt collectors not only regularly use aggressive and illegal tactics, but they also often target consumers who do not owe in the first place.

Consumers deserve protection from unfair, aggressive, and illegal medical debt collection. Fortunately, they have a powerful resource in the CFPB, which has already taken multiple actions against collection companies that break the law while collecting medical debt.

State and federal policymakers should take further action to protect consumers from unfair treatment by medical debt collectors and should ensure the CFPB has the tools it needs to fulfill its mission of protecting consumers in the financial marketplace. They should:

- Stop debt collectors and buyers from collecting debts without proper information and documentation about the debt and records of prior communications with the consumer.
- Stop debt collectors from bringing robo-signed cases in court.
- Crack down on widespread use of threats, harassment and embarrassment in debt collection, and make it easier for the consumer to demand a stop to unwanted communications.
- Prevent debt collectors from making robo-calls to cell phones without consent, and from leaving messages or email in places where they might be seen or heard by others.
- Clarify that courts have the authority to issue injunctive relief prohibiting collectors from using the same abusive tactics against other consumers and to impose multiple penalties for multiple violations of the law.
- Protect servicemembers by strictly limiting contact with their commanders to verifications of address.
- Protect all consumers by mandating additional disclosures concerning the effect of paying debts on their credit reports, such as a disclosure that says, "Paying this debt will not remove it from your credit report."
- Protect consumers from having their credit reports unfairly impacted by medical debt, including by requiring debt collectors and

health care providers to wait 180 days before reporting medical bills to credit bureaus and to affirmatively notify consumers when the bills have been reported, and by preventing credit score harm that results from bills going unpaid due to billing errors or insurance disputes.[78]

Finally, federal policymakers should defend the CFPB against attempts to eliminate or cripple it, and should continue to ensure the CFPB has the resources, independence and tools at its disposal to effectively protect consumers from all kinds of predatory financial behavior.

Notes

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