



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

August 20, 2010

**H.R. 3421
Medical Debt Relief Act of 2009**

As ordered reported by the House Committee on Financial Services on July 28, 2010

H.R. 3421 would prohibit credit reporting agencies from listing medical debts that have been paid or settled in consumer credit reports if those debts were paid or settled more than 45 days before the credit report is issued.

Based on information from the Federal Trade Commission (FTC), CBO estimates that implementing H.R. 3421 would not significantly increase spending subject to appropriation. Enacting H.R. 3421 could increase the collection of civil penalties and thus could affect federal revenues; therefore, pay-as-you-go procedures apply. However, CBO estimates that such collections would not be significant in any year.

H.R. 3421 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 3421 would impose a private-sector mandate on consumer credit reporting agencies by requiring them to exclude certain debts from credit reports. Based on information from industry sources, CBO estimates that the cost of complying with this mandate would fall well below the annual threshold for private-sector mandates established in UMRA (\$141 million in 2010, adjusted annually for inflation).

The CBO staff contacts for this estimate are Susan Willie (for federal costs), and Brian Prest and Paige Piper/Bach (for the impact on the private sector). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.