

**H.R. 5330, Consumer Protection for Medical Debt Collections Act**

As ordered reported by the House Committee on Financial Services on December 11, 2019

| By Fiscal Year, Millions of Dollars  | 2021 | 2021-2025                           | 2021-2030            |
|--|------|-------------------------------------|----------------------|
| Direct Spending (Outlays)  | *    | 1                                   | 1                    |
| Revenues   | 0    | 0                                   | 0                    |
| Increase or Decrease (-) in the Deficit  | *    | 1                                   | 1                    |
| Spending Subject to Appropriation (Outlays)  | *    | *                                   | not estimated        |
| Statutory pay-as-you-go procedures apply?  | Yes  | <b>Mandate Effects</b>              |                      |
| Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031? | No   | Contains intergovernmental mandate? | Yes, Under Threshold |
|  |      | Contains private-sector mandate?    | Yes, Over Threshold  |
| * = between zero and \$500,000.  |      |                                     |                      |

H.R. 5330 would amend the Fair Debt Collection Practices Act (FDCPA) to require debt collectors to wait at least two years after the first payment of a medical debt is due before engaging in activities to collect that debt. Under the bill, consumer reporting agencies (CRAs) would be prohibited from assembling consumer reports that contain information about a medical debt arising from a medically necessary procedure or a medical debt placed for collection less than one year preceding the report's creation. The bill would place similar prohibitions upon entities that furnish information about medical debt to CRAs.

The Federal Trade Commission (FTC) is primarily responsible for enforcing violations of the FDCPA. Using information from the FTC, CBO estimates that it would cost the FTC less than \$500,000 over the 2021-2025 period to enforce potential violations of the amended statute. Any spending would be subject to the availability of appropriated funds.

The Consumer Financial Protection Bureau (CFPB) is responsible for issuing regulations to implement the FDCPA. Using information from the CFPB, CBO estimates that the bureau would require three employees at a cost of \$220,000 per employee to issue rules prohibiting debt collectors and CRAs from engaging in the newly restricted activities under the bill. On that basis, CBO estimates that enacting H.R. 5330 would cost the CFPB \$1 million over the 2021-2030 period. The CFPB has permanent authority, not subject to annual appropriation, to spend amounts transferred from the Federal Reserve.



The bill would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates the cost to comply with private-sector mandates would exceed the threshold established in UMRA (\$168 million in 2020, adjusted annually for inflation). However, the cost to comply with the intergovernmental mandates would not exceed the threshold established in UMRA (\$84 million in 2020, adjusted annually for inflation).

The bill would prohibit debt collectors from collecting amounts owed for medical debt for at least two years after the first payment on that debt is due. Using information from industry sources, the CFPB, and an analysis of state laws governing the statute of limitations for medical debt, CBO estimates that the cost of the mandate, in the form of foregone and delayed collections by debt collectors, would be substantially over the threshold.

H.R. 5530 also would prohibit CRAs from issuing consumer reports containing information on debts for medically necessary procedures and medical debt that has been in collections for less than a year. CBO estimates that the cost for CRAs to comply with the prohibitions would be small.

The FDCPA preempts state laws that conflict with its provisions and any amendments that would broaden its scope would be an intergovernmental mandate as defined in UMRA. H.R. 5330 would expand the FDCPA to include certain medical debt collections. Although the bill would limit the application of state laws, it would impose no duty on states that would result in additional spending or loss of revenue. Consequently, the cost would not exceed the threshold established in the UMRA for intergovernmental mandates.

The CBO staff contacts for this estimate are David Hughes (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.