** Medical Debt Relief**

*Dear Dr. Per Cap:*

*What’s the status on medical debts and credit bureaus?  I heard all medical debts will soon be deleted from credit reports.*

*Signed,*

*Can’t Wait*

Dear Can’t Wait

What you’ve heard is partially true.  The three credit bureaus Equifax, Experian, and Transunion will begin removing about 70% of medical debts currently listed on their consumer credit reports beginning in summer 2022.

This follows a trend over the last few years of the bureaus and lenders taking a more lenient view towards medical debt.  Due in part to large numbers of Americans who’ve been unfairly saddled with debts due to medical billing and insurance hang ups beyond their control.  The situation has been even worse in some parts of Indian Country where bills from referrals and hospital visits to non-Indian Health Service providers have had a less than stellar track record of prompt payment.

The Covid-19 pandemic further underscored many of these problems and the bureaus have all finally agreed to make sweeping changes.  However, not all medical debts will be deleted.  Instead, we’re mostly talking about medical debts that went into collections but were eventually paid or charged off.  In the past those paid collection accounts stayed on a person’s credit report for up to seven years and did some damage to credit scores.

This is good news for many folks.  However, if you’ve got current medical debts (in collections or held by another party) on your credit report that haven’t been paid off, chances are they aren’t going anywhere until that happens.

So if those debts are the responsibility of a third party, like an insurance company, Indian Health Service, or a tribal health provider, make sure to contact those organizations to get them paid off as soon as possible.

Another change relates to when unpaid medical collections are first listed on a credit report.  That time frame will now be one year from when those accounts are sent to collections.  This is six months longer than the previous policy which will hopefully give consumers more time to work through red tape.

Remember collection companies buy old debts from creditors for a fraction of their original outstanding balance.  Whatever they manage to collect from the consumer above that amount is money in their pockets.

Also on the horizon will be the handling of small dollar medical collection debts.  Those less than $500 won’t be listed on credit reports.  I can’t tell you how many people I’ve worked with over the years that have been denied credit due to unpaid bills for x-rays, lab tests, and other medical costs under $500 that show up on credit reports.

Here’s to good health in the years to come – both physical and financial!

***Ask Dr. Per Cap*** *is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit* [*www.firstnations.org*](http://www.firstnations.org)*. To send a question to Dr. Per Cap, email* *askdrpercap@firstnations.org**.*

ONAC 2022

**Additional Information from ONAC:**

**Non-profit organizations that offer help or assistance in dealing with medical debt relief:**

[10 Important Facts about IHS and Health Insurance (cms.gov)](https://www.cms.gov/Outreach-and-Education/American-Indian-Alaska-Native/AIAN/Downloads/10-Important-Facts-About-IHS-and-Health-Care-.pdf) (why IHS benefits might not be enough to cover your medical needs and expenses)

[American Medical Debt Relief Foundation – Recovery, not repayment. (meddebt.org)](https://meddebt.org/) (They aim to forgive the debt of those who have extended trouble paying it off.)

[When health insurance is not enough - HealthWell Foundation](https://www.healthwellfoundation.org/)

[PAN Foundation](https://www.panfoundation.org/) (for people with medical debt related to life-threatening or chronic illnesses)

[Cancer | Support Groups, Counseling, Education & Financial Assistance (cancercare.org)](https://www.cancercare.org/)

Also: [Urban Indian programs - Glossary | HealthCare.gov](https://www.healthcare.gov/glossary/urban-indian-programs/) (no out-of-pocket costs for health care for urban AI/AN populations)