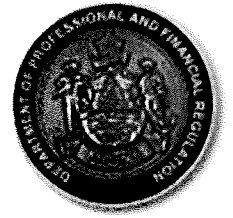




STATE OF MAINE
DEPARTMENT OF PROFESSIONAL & FINANCIAL
REGULATION
BUREAU OF CONSUMER CREDIT PROTECTION



Janet T. Mills
Governor

Linda Conti
Superintendent

Joan F. Cohen
Commissioner

**Testimony of Linda Conti
Superintendent
Bureau of Consumer Credit Protection
Department of Professional and Financial Regulations
Neither for nor Against LDs 558 and 1030**

“Regarding the Reporting of Medical Debt on Consumer Credit Reports”

Before the Committee on Health Coverage, Insurance and Financial Services

Tuesday, March 25, 2025; 1:00 P.M.

Senator Bailey, Representative Gramlich and Members of the Committee on Health Coverage, Insurance and Financial Services, I am Linda Conti and I serve as the Superintendent of the Bureau of Consumer Credit Protection (BCCP).

I am here to express the Bureau of Consumer Credit Protection’s views on the reporting of medical debt to credit reporting agencies. There are two bills currently being considered by the Committee, LD 558 “An Act to Strengthen Consumer Protections by Prohibiting the Report of Medical Debt on Consumer Reports “and LD 1030 “An Act Regarding the Reporting of Medical Debt on Consumer Reports.”

LD 558 is the same as the rule promulgated by the federal Consumer Financial Protection Bureau (CFPB), which was finalized on January 7, 2025. Bills have recently been introduced in Congress to overturn it. LD 1030 appears to prohibit the reporting of medical debt for a more limited type of debt.

Maine was the first state to impose partial limits on the reporting of medical debt in P.L. 2019 c. 77, codified at 10 M.R.S. § 1310 H (4). That law prohibited the reporting of medical debt on a credit report when the date of first delinquency is less than 180 days prior to the date the debt is reported, among other provisions. The statute was promptly challenged in court. In February 2022, in *Consumer Data Industry Association v. Frey*,

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the First Circuit Court of Appeals rejected a challenge to Maine's Medical Debt Reporting Act—which among other things restricts when consumer reporting agencies may report medical bills—on the grounds that the Fair Credit Reporting Act (FCRA) does not categorically preempt all state laws governing information contained in consumer reports. From this we can be sure that either LD 558 or LD 1030 will pass constitutional muster.

The rationale for banning or limiting the reporting of medical debt centers around the fact that medical debt is categorically different from most types of consumer tradelines that typically appear on consumer reports. Consumers frequently incur medical bills in unique circumstances that differ from other forms of credit extension and may be less predictive of further consumer credit performance than other tradelines.

The bills are well intended but they do not address the real problem of rising medical costs and unaffordable health insurance.