AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution (I-10)

Introduced by: Texas Delegation

Subject: Exclusion of Medical Debt That Has Been Fully Paid or Settled

Referred to: Reference Committee

Whereas, Medical debt is unpredictable because, unlike consumer debt, Americans do not get to choose when accidents or illnesses occur, and

Whereas, Our complex third-party payer system often results in patients owing physician practices balances that may go unnoticed for weeks and months on end, and

Whereas, Because medical debt collections are often in dispute or inconsistently reported, their value in predicting a patient’s future credit worthiness is questionable,

Whereas, Medical debt that has been completely paid off or settled can still significantly damage a patient’s credit for up to seven years, and

Whereas, A recent study performed in Texas indicated that 40-plus percent of consumers applying for credit to purchase or refinance a home had at least one medical debt in collection on their report, and

Whereas, Consumers can be denied credit or pay higher interest rates when buying a home or obtaining consumer credit because of a medical debt in their credit report, and

Whereas, Health care professionals increasingly are turning to outside collection agencies to help secure payment from patients, and this damages the patient’s credit because medical debts are usually reported when they become assigned to collections, and

Whereas, The Commonwealth Fund has found that medical bill problems or accrued medical debt affects roughly 72,000,000 working-age adults in America, and

Whereas, In 2007, 28,000,000 working-age American adults were contacted by a collection agency for unpaid medical bills, and

Whereas, The purpose of The Medical Debt Relief Act of 2009 is to exclude from consumer credit reports, within 30 days, medical debt that has been fully paid or settled that had been characterized as debt in collection for credit reporting purposes, and

Whereas, Consumers wishing to improve their credit score would be motivated to pay off medical debt first, as this could be cleared from their record in 30 days rather than seven years, and

Whereas, With support from the Texas Medical Association, the U.S. House of Representatives already has passed H.R. 3421, the Medical Debt Relief Act, with a bipartisan vote of 336-82, and has sent the bill to the U.S. Senate, therefore be it

RESOLVED, That our American Medical Association support the principles contained in The Medical Debt Relief Act as drafted and passed by the U.S. House of Representatives to provide relief to the American consumer from a complicated collections process and to support medical debt resolution being portrayed in a positive and productive manner (Directive to Take Action).
Relevant AMA Policy:

H-373.999 Patient Advocacy/Protection Activities: The AMA will continue to aggressively pursue legislative, regulatory, communications and advocacy opportunities to identify and correct patient care and access problems created by new health care delivery mechanisms. (BOT Rep. 55, A-96; Reaffirmed: Rules and Cred. Cmt., I-97; Renumbered: CMS Rep. 7, I-05)

H-450.982 Patient Satisfaction and Quality of Care: Our AMA believes that: (1) much may be gained by encouraging physicians to be sensitive to the goals and values of patients; and (2) efforts should be continued to improve the measurement of patient satisfaction and to document its relationship, if any, to favorable outcomes and other accepted criteria of high quality. (CMS Rep. E, A-89; Reaffirmed: Sunset Report, A-00)