

SB 605 -4, -5 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Prepared By: Whitney Perez, LPRO Analyst

Sub-Referral To: Senate Committee On Health Care

Meeting Dates: 1/30, 3/18, 4/1

WHAT THE MEASURE DOES:

The measure expands the definition of "medical debt" to include an amount that a person owes to a medical services provider, a hospital, or a nonprofit-affiliated clinic for medical treatment, patient care, or other medical services or supplies. The measure excludes from the definition of "medical debt" amounts a person owes on a credit card or to a financial institution that extended credit to a person unless the financial institution extended credit to the person specifically to purchase medical treatment, patient care, or other medical services or supplies. The measure prohibits medical services providers that operate or engage in business in Oregon from: entering into a contract that creates medical debt unless the contract includes notice that the person holding any debt for medical services may not report the debt to a credit bureau or consumer reporting agency, and reporting to a consumer reporting agency the amount or existence of any medical debt or medical debt that a resident of this state owes to the medical services provider or that a debt buyer has purchased from a medical services provider. The measure specifies that violation of this provision is an unlawful practice that a person may bring a civil action for. The measure specifies that a consumer reporting agency may not include in a consumer report an item that the consumer reporting agency knows or reasonably should know is a medical debt. Defines key terms and makes conforming amendments.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

- Status of recent federal rule on medical debt reporting by the Consumer Financial Protection Bureau
- Impact of measure on the health care system
- Impact of medical debt on consumers
- Other states with laws regarding medical debt reporting
- Definition of "medical debt"

EFFECT OF AMENDMENT:

-4 Replaces the measure. The amendment defines "consumer report" and "consumer reporting agency." The amendment redefines medical debt to mean an amount that a resident of this state owes to a person whose primary business is providing medical services, products or devices, or to the person's agent or assignee, including an amount that is not past due or that the resident has paid in part or in full for specified medical related reasons. The amendment also specifies what "medical debt" does not include and eliminates the definition to "medically necessary." The amendment specifies that it is an unlawful trade practice for a person to report to a consumer reporting agency the amount or existence of any medical debt that a resident of Oregon owes or is alleged to owe. The amendment specifies that a plaintiff that brings an action for violation of this provision may obtain an order or judgment that voids and renders the medical debt uncollectible. The amendment specifies that a consumer reporting agency may not include in a consumer report an item that the consumer reporting agency knows or reasonable should know is a medical debt and that violation of this provision is an unlawful trade practice. Makes conforming amendments.

SB 605 -4, -5 STAFF MEASURE SUMMARY

FISCAL: Has minimal fiscal impact

REVENUE: No revenue impact

-5 Replaces the measure. The amendment prohibits a person from reporting to a consumer reporting agency the amount or existence of any medical debt that a resident of Oregon owes or is alleged to owe and prohibits a consumer reporting agency from reporting an item that the consumer reporting agency knows or reasonably should know is a medical debt.

Detailed Summary:

Section 1

Defines "consumer report" and "consumer reporting agency." Redefines "medical debt" and within definition specifies what "medical debt" does not include. Removes definition for "medically necessary." Prohibits a person from reporting to a consumer reporting agency the amount or existence of any medical debt that a resident of Oregon owes or is alleged to owe, and that violation of this provision is an unlawful trade practice. Specifies that a court may declare the medical debt void and uncollectible in an action brought for violation of this provision. Prohibits a consumer reporting agency from reporting an item that the consumer reporting agency knows or reasonably should know is a medical debt and that violation of this provision is an unlawful trade practice. Makes conforming and technical amendments.

Section 2

Makes conforming amendment.

FISCAL: Has minimal fiscal impact

REVENUE: No revenue impact

BACKGROUND:

The Consumer Financial Protection Bureau (CFPB) is a U.S. agency that is responsible for enforcing federal consumer financial laws and protecting consumers in the financial marketplace. In January 2025, CFPB issued a final rule amending Regulation V, which implements the Fair Credit Reporting Act. This final rule prohibits creditors from considering medical information in credit eligibility determinations. This final rule also generally prohibits a consumer reporting agency from providing a creditor a consumer report with information on medical debt that the creditor is prohibited from using.

However, this final rule, known as the Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V), is the subject of pending litigation in the United States District Court for the Eastern District of Texas. That Court recently entered a 90-day preliminary injunction that stayed the effective date for the final rule until June 15, 2025.

Senate Bill 605 prohibits medical services providers from reporting the amount or existence of medical debt to a consumer reporting agency and prohibits a consumer reporting agency from including in a consumer report an item that the consumer reporting agency knows or should know is a medical debt.