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**Testimony Submitted by
Chris Coughlin, Policy Director
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To the House Committee on Commerce and Consumer Protection**

May 15, 2025

Regarding: Support for SB 605 A with -A9 amendment

Chair Sosa, Vice-Chair Osborne, Vice-Chair Chaichi, and Members of the Committee,

For the record, my name is Chris Coughlin, and I appreciate the opportunity to testify on behalf of Oregon Consumer Justice today in support of SB 605 A with -A9 amendment.

Oregon Consumer Justice (OCJ) envisions a vibrant future where all Oregonians live with dignity and abundance and experience health, joy, and economic opportunity. We work collaboratively across policy and advocacy, community engagement, and the law, to realize a more just and equitable Oregon where people come first. For too long, flawed systems and policies have stood in the way of this reality, with communities of color most often experiencing significant harm. Informed by consumer insights, OCJ works to make financial and business transactions reliably safe and supports Oregonians in knowing and exercising their consumer rights.

High costs of care and financial barriers have forced nearly one in three Oregonians to incur medical debt in the past two years.¹ When medical debt gets sent to collections and reported on a person's credit report, they can face cascading harms in their ability to find work, keep housing, and access affordable

¹ Oregon Values and Belief Center – [Consumer Justice: Consumer Treatment, Medical Debt, Wildfire Liability](#), January 24, 2025



credit. A damaged credit score also means those already struggling financially pay more for unavoidable costs like insurance.

A recent report from the Consumer Federation of America (CFA) found that people with perfect driving records but poor credit can end up paying hundreds more in premiums annually compared to someone with a perfect driving record and excellent credit.²

People experiencing illness or injuries, coupled with the accompanying bills, shouldn't face unnecessary barriers to economic opportunities, such as getting a job or renting or buying a home. Medical debt does not reflect financial responsibility and has no place on credit reports. A [recent report](#) from the National Bureau of Economic Research studied the effects of deleting medical debt on consumer credit scores, credit limits and utilization, repayment behavior, and payday borrowing. The report finds that removing medical debt is not predictive of default.

SB 605 A:

- Removes existing medical debt from credit reports.
- Prohibits debt collectors, hospitals, and other reporting entities from reporting medical debt to credit reporting agencies.
- Ensures the credit reporting ban includes credit reports used for employment and tenant screening.
- Prevents credit reporting on targeted health care credit cards. This bill does not include medical debt charged to general credit cards.

Medical debt damages Oregonians' credit scores, despite being an unreliable indicator of their ability to pay future bills.³ The three major credit reporting agencies—Equifax, Experian, and TransUnion—voluntarily removed some medical debt from credit reports, and VantageScore decreased the role medical bills play on a consumer's score. But these were just the first steps to fixing the harm and inaccuracies of the current system. Unfortunately, it's common for medical bills to

² Consumer Federation of America – [The One Hundred Percent Penalty: How Auto Insurers' Use of Credit Information Increases Premiums for Safe Drivers and Perpetuates Racial Inequality](#), July 2023

³ Consumer Financial Protection Bureau – [Consumer credit reports: A study of medical and non-medical collections](#), December 2014

be inaccurate due to delayed or mismanaged claims, making the data used to judge creditworthiness unreliable. Research estimates that nearly half of Americans with insurance received bills for care that should have been covered by their plans.⁴

The Consumer Financial Protection Bureau (CFPB) earlier this year released its final rule to remove medical bills from most credit reports. However, the ruling is currently in litigation, threatening its efficacy as a tool for consumer protection, and the federal administration has withdrawn support for the rule. Therefore, Oregon should join the many states that have already passed laws with similar protections, alongside more having the conversation in their current legislative sessions.

In February 2022, in *Consumer Data Industry Association v. Frey*, the First Circuit Court of Appeals rejected a challenge to Maine's Medical Debt Reporting Act, finding that the FCRA does not categorically preempt all state laws governing information contained in consumer reports.⁵ Maine's bill, similar to the one before you, limits when medical bills can be reported. In July of 2022, the CFPB issued an interpretive rule clarifying that states are permitted to enact state-level laws that provide additional consumer protections beyond those in the federal Fair Credit Reporting Act (FCRA).⁶ Several federal court rulings since then have supported stronger state protections in alignment with the legal interpretations included in the interpretive rule.

SB 605 A includes debt on targeted health care credit cards from being reported to credit reporting agencies. These cards are often offered in health care provider offices and hospitals across the country. Considering the marketing for these cards focuses on medical services, we believe that they should be included in the bill. [The CFPB says that, unlike a regular credit card, a medical credit card is used specifically to pay for medical services.](#) While initially, these cards were often used to cover procedures a person may not have insurance for, including hearing

⁴ The Commonwealth Fund – [Unforeseen Health Care Bills and Coverage Denials by Health Insurers in the U.S.](#), August 2024

⁵ 26 F.4th 1 (1st Cir. 2022).

⁶ The Fair Credit Reporting Act's Limited Preemption of State Laws, 87 Fed. Reg. 41042-01 (Jul. 11, 2022).

exams, dental care, or cosmetic procedures, they have since expanded to cover more general health care.

OCJ is very appreciative of Senator Campos, Representative Sosa, and all the stakeholders who participated in many conversations about how best to define medical debt so that it is clear that general purpose credit cards and other lines of credit are not included in the bill, but that the policy choice to include targeted medical credit cards remains. The -A9 amendment uses language similar to Connecticut, Colorado, and New York, referring to credit plans offered specifically for the payment of medical services, products or devices for individuals. While some stakeholders would prefer the word "specifically" be replaced by "solely", OCJ's position is that changing to "solely" creates a potential loophole so that medical credit cards would no longer be covered under the bill.

SB 605 A will improve access to affordable credit. Credit reports and scores determine a consumer's access to affordably priced credit cards, mortgages, car loans, and small business loans. By preventing the use of medical debt in tenant or employment screening, this bill will give Oregonians with medical debt a fighting chance to find jobs, secure housing, and get back on their feet. The CFPB found that removing medical debt from a credit report improves a score by 20 points, on average.

We urge you to support SB 605 A with the -A9 amendment and protect consumers from being punished for taking care of their health and the health of their families. Thank you for your consideration and your service in building the future that Oregonians deserve.