Helpful Hints for Managing Medical Debt

Categories : Health Care Payment Assistance/Health Insurance, Legal and Protective Services

The No Surprises Act: Effective January 1, 2022, the No Surprises Act (NSA) https://www.consumerfinance.gov/ask-cfpb/what-is-a-surprise-medical-bill-and-what-should-i-know-about-the-no-surprises-act-en-2123/ protects consumers from surprise medical charges if they have a group health plan or group or individual health insurance coverage.

For those who pay for care without health insurance, providers must furnish a good faith estimate of how much services will cost before they are delivered. https://www.cms.gov/medical-bill-rights

Credit reporting changes: After the passage of the No Surprises Act, the Consumer Financial Protection Bureau told debt collectors and consumer credit reporting companies that they can't collect, furnish, or report any invalid medical debt.

In response, the three nationwide credit reporting companies – Equifax, Experian, and TransUnion – removed all paid medical debts and those less than a year old from consumer credit reports. The credit bureaus have also taken steps to remove all medical collections under $500.

This provision went into effect on April 11, 2023. With this change, it's estimated that roughly half of those with medical debt on their reports will have it removed from their credit history. For additional information, see https://www.consumerfinance.gov/about-us/blog/medical-debt-anything-already-paid-or-under-500-should-no-longer-be-on-your-credit-report/

WHAT TO DO IF YOU ARE APPROACHED BY A MEDICAL DEBT COLLECTOR

Be Polite, Prompt, and Courteous when speaking with individuals who are trying to collect a debt from you. However, you need not subject yourself to rude or stressful conversations with bill collectors.

Be honest. If you've overspent, lost your job, etc., say so. Do not agree to a payment plan or amount that you know you cannot possibly comply with. It is better to tell a debtor that you can only pay $5 a month, than to agree to a bigger payment that you risk reneging on.

Stick with it! Once you have set up a payment plan that is reasonable for you, don't stop your payments.

Keep in touch. A provider or collection agency will know that you are making a good faith effort when you return their phone calls and provide them with an explanation as to why you cannot pay the bill immediately.

Don't pay balances if you are receiving Medicaid. If you or your child are Medicaid clients, it is important to remember that a medical provider who is certified with the state Medicaid program cannot bill you for any remaining balance after Medicaid has reimbursed them. Call your provider's billing department or person in charge of bill collection and let them know you are a Medicaid client.

Coordinate your benefits. If you have Medicaid and private insurance, state regulations allow your providers to direct bill your insurance company. The provider will then bill Medicaid for any balance after insurance has paid.

For more information go to:

AARP: How to Pay Off Medical Debt – https://www.aarp.org/money/credit-loans-debt/info-2019/paying-medical-debt.html

TO FIND PROVIDERS IN CONNECTICUT'S COMMUNITY RESOURCES DATABASE:
Search by service names:
Credit Counseling
Debt Consolidation Services
Financial Management Workshops
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SOURCES: Consumer Financial Protection Bureau; Centers for Medicare & Medicaid Services
PREPARED BY: 211/mm
CONTENT LAST REVIEWED: July2023