Debt Collectors and Medical Debt

Hospitals and other health care providers are quick to turn over medical debt to debt collection agencies—some will do so after a month or two, while others may wait six or more months. The job of these debt collectors is to try to get you to pay medical debt even if this is not in your best interest.

They will push you to put medical debt on your credit card—don’t fall for that. They will try to get you to pay these bills ahead of more important bills, such as your rent or home mortgage. They will threaten to ruin your credit rating, but they may not even report the collection effort to a credit reporting agency. If they do report the debt, the reporting agency will not even include the debt in its reporting unless it is over six months old. Just as importantly, paying your medical bill instead of your mortgage or car loan will end up damaging your credit report a lot more than not paying your medical bill.

Debt collectors also will call you and constantly press for payment. But this is easy to stop, particularly for medical debt. Few hospitals and health care providers will be collecting on their own debt, but will instead hire third-party collection agencies. Under federal law these agencies must stop contacting you if you simply send them a letter telling them to stop, as explained in Chapter 2 [1], above.

Another approach to avoid debt collection harassment is to contact the hospital or health care provider early about your inability to pay, before the matter is turned over to a collection agency. Explain that you are unable to pay at present and that you will not pay the collection agency either. Since the health care provider must pay the agency, the provider may be better off waiting for you to pay the provider directly when your financial situation improves. Preventing your debt from going to a collector will also help your credit standing because typically only collection agencies and not medical providers report your debt to a credit bureau.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
Source URL: https://library.nclc.org/sd/1103

Links
[1] https://library.nclc.org/nclc/link/SD.02