



The Business of Providing Care

FAQs about Credit Reporting Medical Debt



Whether to credit report your patients' overdue medical debt is a business decision that must be made by healthcare leadership in every organization, from single-provider practices to health systems. It can be a difficult one to make when your organization is in the business of providing care.

The underlying mission of every practice, hospital, and health system is essentially the same: to establish long-lasting relationships with your patients while providing the highest quality patient care. However the only way to continue to honor that mission is to remember that it is also a business – and without a strong revenue cycle your organization could not afford the best doctors and medical staff, or the latest equipment in order to provide that care.

We want to answer your most frequently asked questions about credit reporting medical debt to help you make this important decision.

Q1: Where is my practice or hospital's past-due balance recorded?

The past-due balance from your office will be placed on the patient's credit report.¹ Creditors will report whether a consumer has paid on time or late, and how late the payments were. Credit reports and scores are then used to determine whether the consumer can obtain more credit in the future. How

your practice's overdue balance will affect the patient is dependent on the totality of their credit history.

Q2: What other information is on their credit report?

A credit report is a summary of a consumer's financial activity and history¹ that is regularly updated by the 3 national credit bureaus – Experian, Equifax, and TransUnion – by reports made from creditors. It includes the names of companies that have extended credit and/or loans to the consumer, as well as credit limits and loan amounts. The consumer's payment history is also part of the record. If they have delinquent accounts, bankruptcies, foreclosures, or lawsuits, these can also be found on their credit report. Your past-due balance could be one of few, or many, reports that make up the patient's entire credit history.

Q3: When will my practice's past-due balance be reflect on the patient's credit report?

When your practice's outstanding balance appears on the patient's credit report depends on when the report is made.² Creditors and lenders can report throughout the month, so the information on a consumer's credit report generally varies at any given time. Additionally, creditors might only report changes in account status (such as payments or delinquencies) on a monthly basis. Therefore, if a payment is made or becomes delinquent it is possible that the payment won't appear on the report for up to 30 days.

Q4: How long will our bill affect the patient's credit?

State laws may differ, but federal law states¹ that late payments can stay on a consumer's credit report for up to 7 years from the date of delinquency. If the patient has filed bankruptcy, negative reports can remain for up to 10 years. Positive reports also remain for an average of 10 years from the date the corresponding account is closed. However, new scoring models and reporting reform initiatives have made some changes to this timeline pertaining



specifically to medical debt.

For more on those initiatives, and other regulations impacting credit reporting, watch the Credit Reporting Medical Debt Playlist on the Receivables Management Partners YouTube Channel.

Q5: The patient made a payment on their overdue balance, but it was not reflected on their credit report. Why?

The actual amount due to your practice may not match the amount past due on the patient's credit report all the time. The bureaus do not always update the balance due as payments are made, only when the balance is paid in full. If the patient believes the total amount due as reported by your practice or agency is incorrect, they have the ability to dispute the debt³ with the bureaus by phone, mail, or online and the bureaus will investigate.

Q6: Is credit reporting worth it?

Many agencies will tell you that experience shows that practices that do credit report are more likely to recover more of their past due balances, and to receive more payments on time, than those that do not. It is important to review your revenue cycle performance for a complete understanding of how well your patient collections procedures are working before determining whether you need to take further action to recover the past-due balances your organization is owed for services rendered.

Looking for more information? Learn more about your rights and responsibilities as a creditor in our free Guide to Credit Reporting Medical Debt.

Get it here:

<http://www.receive morermp.com/credit-reporting-medical-debt/>



Sources:

¹“What is a Credit Report?”, TransUnion.com, <https://www.transunion.com/credit-report>

²“Credit Report Basics,” Experian Credit Education blog, <http://www.experian.com/blogs/ask-experian/credit-education/report-basics/>

³“How to dispute information on your Equifax credit report,” <https://www.equifax.com/personal/disputes>



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