

Biden Administration Issues Order to Reduce Impact of Medical Debt on Federal Loan Programs

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WASHINGTON - The White House has issued marching orders to federal agencies to focus on ways to reduce the impact of medical debt on federal lending programs. The directive comes in a **memorandum** published this morning by the Office of Management and Budget to agencies involved in consumer and small business lending, including the Small Business Administration, Department of Veterans' Affairs, Department of Agriculture, and the Federal Housing Finance Agency. The memo directs the agencies that administer loan guarantee and direct loan programs to include in their budget submissions a plan to eliminate the impact of medical debt on lending decisions.

Medical debt is prevalent in the United States, with approximately one in three adults holding outstanding medical debt. It is estimated that medical debt impacts the credit reports of 43 million Americans, yet medical debt is a poor predictor of creditworthiness.

"Today, the White House has emphasized the Administration's commitment to eliminating the harmful impacts of medical debt on consumers," **said Jenifer Bosco, staff attorney at the National Consumer Law Center.** "We appreciate the transparency that the Administration is providing by issuing a public memo, which will encourage accountability, and we urge speedy action by the agencies to ensure that medical debt does not bar people and small business owners from accessing federal loan programs."

"Medical debt is a crisis that takes an even greater toll on Black families, Latine families, and people with disabilities," **said Berneta Haynes, staff attorney at the National Consumer Law Center.** "Medical debt is not predictive of creditworthiness, and we appreciate the Administration's efforts around eliminating medical debt as a barrier to credit."

In April, the Administration issued Executive Order 14070, which in part directed agencies to examine pathways to reduce the burden of medical debt on consumers. Later that month, Vice President Harris announced that the White House would take measures to increase consumer protections and lessen the burden of medical debt, including holding medical providers and debt collectors accountable for harmful practices, reducing the role medical debt plays in determining access to credit, and helping half a million veterans get their medical debt forgiven.

Related materials:

- Press Release: Advocates Applaud CFPB Report Highlighting the Toll of Inaccurate Medical Billing on Consumers, Apr. 20, 2022
- Press Release: Consumer Advocates Applaud Biden Administration's New Actions to Lessen the Burden of Medical Debt, Apr. 11, 2022
- Press Release: Consumer Advocates Cheer Removal of Most Medical Debt from Credit

Reports, Mar. 18, 2022

- Report: The Racial Health and Wealth Gap: Impact of Medical Debt on Black Families, Mar. 14, 2022