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# CFPB Finalizes Rule to Remove Medical Bills from Consumer Reports

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On January 7, the Consumer Financial Protection Bureau (CFPB or Bureau) finalized its rule aimed at removing an estimated $49 billion in medical bills from the consumer reports of approximately 15 million Americans. Specifically, the Bureau's rulemaking as finalized removes an existing exception in Regulation V that permitted lenders to obtain and use information on medical debts. The final rule is scheduled to take effect 60 days after its publication in the *Federal Register*. However, the upcoming change in administration may very well impact its implementation.

**Key Provisions of the Final Rule**

The CFPB's new rule amends Regulation V, which implements the Fair Credit Reporting Act (FCRA), to end the exception that previously allowed lenders to use certain medical information in making lending decisions. This means lenders will no longer be able to consider medical debts or information about medical devices, such as prosthetic limbs, as collateral for loans.

The final rule also prohibits consumer reporting agencies from including medical debt information on consumer reports and credit scores sent to lenders. However, lenders will still be able to consider medical information for legitimate uses such as verifying medical-based forbearances or medical expenses that a consumer needs a loan to pay.

The rule also aims to enhance consumer privacy protections by ensuring that sensitive medical information is not used inappropriately in the financial system. According to the final rule: "Medical information is uniquely sensitive and intimate information, and it thus advances the purposes and objectives of the FCRA to protect consumers' privacy by limiting the circumstances under which consumer reporting agencies may furnish medical debt information."

**Our Take:**

The upcoming change in administration may significantly impact the Bureau's ability to finalize these rules, including through Congress' potential use of the Congressional Review Act (CRA). The CRA provides Congress with the ability to reject recent federal regulations within 60 legislative days by a simple majority vote in both chambers. If CRA legislation is signed by the President, then the rule would be rescinded, and the CFPB would be prohibited from issuing a substantially similar rule without explicit legislative authorization. In addition, a legal challenge will surely follow from stakeholders asserting that the rule is arbitrary, capricious, and promulgated in violation of the Administrative Procedure Act.

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