

Data show big drop in number of Americans in medical debt

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Americans have less medical debt now than they did a couple years ago,

possibly because of policies and programs that gave more people access to health insurance and relief funds.

The number of Americans with [medical debt](#) on their credit reports fell by 8.2 million from the [first quarter](#) of 2020 to the first quarter of 2022, according to the U.S. Consumer Financial Protection Bureau (CFPB). That is a 17.9 percent reduction, the Associated Press reported.

In a separate draft report, White House officials credited an expansion of the Affordable Care Act that provided coverage to an additional 4.2 million Americans. In addition, some [local governments](#) are leveraging \$16 million in 2021 COVID-19 relief funds to buy medical debt and forgive it. That includes Chicago, New Orleans, Pittsburgh, and Toledo, Ohio. The AP reported that these efforts are clearing \$1.5 billion worth of medical debt.

The CFPB, too, is working to reduce medical debt for Americans. Major credit rating agencies will no longer include debt under \$500 or those that have already been repaid. They are giving families one year, instead of six months, to pay off debt before it is included in the reports, according to the AP.

Medical debt was declining even before 2020, dropping from \$143 billion to \$111 billion between 2018 and the first half of 2021, according to the CFPB. However, unpaid medical bills remain the reason for more than half of all debt in collections. About 13.5 percent of the 279 million people with credit reports had at least one medical debt, the AP reported. That was higher in 2020 at 16.4 percent and in 2014 at 19.4 percent.

Even combined, credit card debt, personal loans, utilities, and phone bills do not equal medical debt in the United States, the AP reported. A decline in debt could reduce fears about scheduling needed doctor

appointments and filling prescriptions, White House officials said.

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