



The Frugal
CREDITNISTA

MEDICAL COLLECTION GUIDE

NETIVA HEARD



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TACKLING MEDICAL COLLECTIONS

Medical collections are the most popular type of collection reporting on our credit reports. They are also the number one reason people file for bankruptcy.

There are a lot of misconceptions about medical collections reporting on consumer's credit reports, so let's clear the air:

- **It is 100% Legal for Medical Collections to Report on Credit Reports**

I've heard the conspiracy theories, the "it's against HIPAA law!" commentary. It's not true. The medical collection industry is a booming business and isn't going anywhere anytime soon.

Let's focus instead on how to Tackle Your Medical Collections, instead, shall we?

When I am tackling medical collections, my first step is to tackle the debt itself. I ask my clients:

1. Did you have insurance?
2. Did your insurance company pay?
3. If they partially paid, was it based on your current plan at the time?
4. Were you billed properly (can't tell you how many times hospitals overcharge patients)?
5. Did you authorize charges beforehand?
6. Did they contact you about the bill?

Next, I have them request information from the hospital/doctor's office. If my client had insurance I have them contact the insurance company to ensure they were billed correctly.

If they were, the next step is to see why wasn't the claim paid.

- Does the medical provider need to resubmit the claim?
- Was partially paid? If so, determine why.

TACKLING MEDICAL COLLECTIONS

- Fact-check your coverage - get a copy of your plan so that you can see if your medical expenses were supposed to be fully covered.
- Research the appeals process for larger medical debts that aren't covered and decide if you will file for an appeal.
- Ask questions! You want to be 100% clear on what your insurance covers for future reference.
- Work with your insurance provider to minimize current and future medical expenses. Knowing saves money; not knowing causes medical collections.

Do you qualify for financial assistance?

This is often called Charity Care or Financial Hardship. Ask for the application and complete it in full. My clients have gotten hundreds of thousands of dollars of medical debt forgiven by applying for assistance.

NOTE:

Sometimes, the hospital may no longer have access to your file, they will tell you to contact the collection agency, I despise this but since some states will sue you in a minute over medical collections, do as you're told, but be strategic about it.

MEDICAL COLLECTIONS ON CREDIT REPORTS ARE LEGAL

The Fair Credit Reporting Act (FCRA) and the Health Insurance Portability and Accountability Act (HIPAA) generally allow medical debts to report to consumer credit reports. The Dept. of Human & Health Services also states that if a medical facility is not paid for services rendered, they can hire or sell the debt to a collection agency.

The debt can be assigned/sold, but NOT all of your personal health information.

The *specific* details about your procedures, diagnosis, surgeries, etc. are protected. NO ONE should have this information but you and your medical provider.

Any company furnishing information to collection agencies or credit bureaus MUST encrypt certain information to protect your privacy.

The information that the collection agency has access to must be as limited as possible. They do not need access to the specific details of your medical information in order to collect on a debt unless it's absolutely necessary for them to do their job.

In order to collect on the medical facility's behalf and report to the credit bureaus, a collection agency must sign a HIPAA Business Associate Agreement, promising to comply with all HIPAA regulations that involve protected health information. This includes ensuring that only authorized personnel has access to the information that they do have.

If at any point you believe that the collection agency has too much of your personal health information, you will likely be able to use this as a negotiating point. Threaten to file a formal HIPAA Complaint or to file a lawsuit for HIPAA violations - **make sure there are legit violations though.**

MEDICAL COLLECTIONS ON CREDIT REPORTS ARE LEGAL

To reiterate (because I'm asked this *all the time*:

In order to furnish information on medical debts under the Fair Credit Report Act (FCRA), Health Insurance Portability and Accountability Act (HIPAA), and any other Consumer Reporting Agencies (CRA):

- The medical facility must have a medical expense tied to your name that has not been paid AND has made attempts to collect on the debt beforehand - including offering you information on applying for Financial Assistance.
- The medical facility is only allowed to share a small amount of your personal information - your name, address, social security number, date of birth, payment history, and location and name of the facility that you were treated in.
- They cannot disclose details of your treatment, private medical paperwork, bills that disclose medications, illnesses, diseases you've been diagnosed with, or treated for.

If a collection agency receives some of your protected health information in error from the medical facility, they are responsible for protecting this information from unauthorized access or responsibly destroying it.

If the debt collection agency responds to a dispute letter from you with too much of our personal information or details of medical procedures, they are in violation. You can use this as leverage.

DISPUTE PROCESS FOR MEDICAL COLLECTIONS

When planning to dispute a Medical Collection, first, ask yourself:

1. Is this debt within your state's SOL? If so, dispute with the collection agency using a Medical **Validation Letter**. Include verbiage that the debt is past the statute of limitations in the letter as well, if it applies.

2. Send Letter to Credit Bureaus

a. If it comes back as verified without giving you any info you requested write:

"This response is so confusing. I wrote you asking for (paraphrase 1st letter) and you responded with 'verified'. What exactly does that mean? Do you not have any of the information that I asked for? If that 's the case, how can you verify its accuracy? Please be more specific and provide the information I initially requested so that I can rectify this matter."

3. Do you owe it? Again, you should be contacting the hospital FIRST to see where these charges came from, did they bill insurance? Get a FULL detailed accounting of where the balance came from

a. If you are granted a settlement or a portion of the debt has been forgiven, **MAIL-IN PAYMENT** via bank money or cashier's check (one of them is free); Photo Copy it front and back, made out to PROVIDER AND NOT COLLECTION AGENCY. This is essential if the collection agency tries to mark it as "paid".

You want your name and address on the check. Write in the endorsement section (some banks will do this for you) **"For Deposit Only to the Account of (name of Health Care Provider)"** and make sure the account # is on the money order FROM THE PROVIDER and NOT the one from the collection agency.

If you do NOT have the original account #; Put your name, date of service, and your SS # in the "for" area.

b. Do NOT "fax" or "e-mail" anything. MAIL.

DISPUTE PROCESS FOR MEDICAL COLLECTIONS

4. After payment, the collection agency no longer has a business relationship with the hospital. They cannot access your medical files any longer to properly validate the debt without having the hospital involved to send it to you (good luck with that once they have their money!)

Your Medical Dispute Letter Templates are in your course area.

If you need additional support, we have a very in-depth course: Fire Your Medical Collections inside of my [Credit on Fire](#) Academy.

A discounted link is available inside of your Course area. We have a private study group for ongoing support, as well as Live Group Coaching Calls for Q&A every month.

Thank you!

Your Partner in Prosperity,

~ Netiva